Tennessee; to the Committee on Armed Services.

H. R. 4524. A bill to authorize certain construction at military and naval installations, and for other purposes; to the Committee on Armed Services.

By Mr. CELLER:

H. R. 4525. A bill to provide for a decrease in the rate of interest to be paid by the United States in the acquisition of lands under the power of eminent domain, title to which is taken in advance of final judgment; to the Committee on the Judiciary.

By Mr. DINGELL:

H. R. 4526. A bill to provide readjustment allowance for certain unemployed former members of the Armed Forces who served in active military, naval, or air service on or after June 27, 1950, and for other purposes; to the Committee on Veterans' Affairs.

By Mr. COLE of Kansas:

H. R. 4527. A bill to provide for the payment of certain traveling expenses of retired employees of the Bureau of Prisons, Department of Justice; to the Committee on Post Office and Civil Service.

By Mrs. CHURCH:

H. R. 4528. A bill to amend title 18, United States Code, so as to prohibit the transportation of fireworks into any State or political subdivision thereof in which the sale of such fireworks is prohibited; to the Committee on the Judiciary.

By Mr. KERSTEN of Wisconsin:

H. R. 4529. A bill to amend section 124A of the Internal Revenue Code to provide that an amortization deduction shall be granted only with respect to facilities located in areas secure from enemy attack; to the Committee on Ways and Means.

By Mr. RAMSAY:

H. R. 4530. A bill to provide for the continuation of operations under certain mineral leases issued by the respective States covering submerged lands of the Continental Shelf, to encourage the continued development of such leases, to provide for the protection of the interests of the United States in the oil and gas deposits of said lands, and for other purposes; to the Committee on the Judiciary.

By Mr. MULTER:

H. Res. 263. Resolution appointing Members of the House of Representatives to attend a Parliamentary Conference for World Government, to be held in London, England, from September 24 to September 29, 1951; to the Committee on Rules.

By Mr. CRAWFORD:

H. Res. 264. Resolution relating to reports of the executive departments to committees of the House of Representatives; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS

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

By Mrs. BOLTON:

H. R. 4531. A bill for the relief of Burnett Brodziak; to the Committee on the Judiciary.

By Mr. BYRNE of New York:

H. R. 4532. A bill for the relief of certain disbursing officers of the Army of the United States, and for other purposes; to the Committee on the Judiciary.

H. R. 4533. A bill for the relief of Samuel A. Wise; to the Committee on the Judiciary.

By Mr. COLE of Kansas:

H. R. 4534. A bill for the relief of Mrs. Maria E. Penabella; to the Committee on the Judiciary.

By Mr. FELLOWS:

H. R. 4535. A bill for the relief of Nigel C. S. Salter-Mathieson; to the Committee on the Judiciary.

My Mr. HARRIS:

H. R. 4536. A bill to amend the act incorporating the American University; to the Committee on the District of Columbia.

By Mr. HAVENNER:

H. R. 4537. A bill for the relief of Thomas S. Lea, his wife and two children; to the Committee on the Judiciary.

H. R. 4538. A bill for the relief of the Angel Island Foundation; to the Committee on the Judiciary.

By Mr. JOHNSON:

H. R. 4539. A bill for the relief of Man Lee; to the Committee on the Judiciary.

By Mr. KERSTEN of Wisconsin:

H. R. 4540. A bill for the relief of Dr. Klaus C. Karde and Ingeborg Karde; to the Committee on the Judiciary.

H. R. 4541. A bill for the relief of Rosarina Garofalo; to the Committee on the Judiciary.

By Mr. SIEMINSKI:

H. R. 4542. A bill for the relief of Mr. and Mrs. Lyguim Sowinski; to the Committee on the Judiciary.

H. R. 4543. A bill for the relief of Mrs. Priscilla Crowley; to the Committee on the Judiciary.

By Mr. SPENCE:

H. J. Res. 273. Joint resolution to make the restrictions of the Federal Reserve Act on holding office in a member bank inapplicable to M. S. Szymczak when he ceases to be a member of the Board of Governors of the Federal Reserve System; to the Committee on Banking and Currency.

SENATE

THURSDAY, JUNE 21, 1951

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

O Lord of our pilgrim years, as through sleep and darkness we have been safely brought, we thank Thee for a new day with its round of concerns and duties. As in Thy sight Thy servants stand here in posts of high public office, may they be solemnly conscious that their decisions, their attitudes, their words are not their own; but go out from this Chamber as a light on a hill, to influence and to mold the whole structure of human relationships around this troubled world.

Help us in all things to be masters of ourselves that we may be the servants of others. In these times of tension and strain, preserve us from magnifying little slights and stings, or giving them. Keep us calm in temper, clear in mind, sound of heart, in spite of ingratitude, meanness, or even treachery. In these crucial and creative days enable us, we pray Thee, to perform faithfully and well what Thou dost require, even to do justly, to love mercy, to walk humbly with Thee, our God. We ask it in the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. McFARLAND, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, June 20, 1951, was dispensed with.

MESSAGE FROM THE PRESIDENT

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Snader, its assistant reading clerk, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 301. An act to extend certain veterans' benefits to or on behalf of dependent husbands and widowers of female veterans;

H. R. 313. An act to provide for the construction of certain Veterans' Administration hospitals, and for other purposes;

H. R. 1072. An act to amend the existing law to provide the privilege of renewing expiring 5-year level-premium-term policies of United States Government life insurance;

H. R. 2384. An act to provide that service of cadets and midshipmen at the service academies during specified periods shall be considered active military or naval wartime service for the purposes of laws administered by the Veterans' Administration;

H. R. 3193. An act to establish a rate of pension for aid and attendance under part III of Veterans Regulation No. 1 (a), as amended;

H. R. 3205. An act to amend the Veterans Regulations to provide that multiple sclerosis developing a 10-percent or more degree of disability within 3 years after separation from active service shall be presumed to be service connected;

H. R. 3549. An act to modify eligibility requirements for payment of pension to certain widows of veterans of the Civil War, Indian Wars, and Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection;

H. R. 4108. An act to amend the act of July 2, 1948 (Public Law 877, 80th Cong.), as amended, to include persons whose service-connected disability is rated not less than 40 percent;

H. R. 4233. An act to authorize payments by the Administrator of Veterans' Affairs on the purchase of automobiles or other conveyances by certain disabled veterans or cash payments in lieu thereof, and for other purposes;

H. R. 4387. An act to increase the annual income limitations governing the payment of pension to certain veterans and their dependents, and to preclude exclusions in determining annual income for purposes of such limitations; and

H. R. 4394. An act to provide certain increases in the monthly rates of compensation and pension payable to veterans and their dependents, and for other purposes.

HOUSE BILLS REFERRED

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

H. R. 301. An act to extend certain veterans' benefits to or on behalf of dependent husbands and widowers of female veterans;

H. R. 1072. An act to amend the existing law to provide the privilege of renewing expiring 5-year level-premium-term policies of United States Government life insurance;

H. R. 2384. An act to provide that service of cadets and midshipmen at the service academies during specified periods shall be considered active military or naval wartime service for the purposes of laws administered by the Veterans' Administration;

H. R. 3193. An act to establish a rate of pension for aid and attendance under part III of Veterans Regulation No. 1 (a), as amended;

H. R. 3205. An act to amend the Veterans Regulations to provide that multiple sclerosis developing a 10-percent or more degree of disability within 3 years after separation from active service shall be presumed to be service-connected;

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

H. R. 3549. An act to modify eligibility requirements for payment of pension to certain widows of veterans of the Civil War, Indian Wars, and Spanish-American War, including the Boxer Rebellion and the Philippine Insurrection;

H. R. 4108. An act to amend the act of July 2, 1948 (Public Law 877, 80th Cong.), as amended, to include persons whose service-connected disability is rated not less than 40 percent;

H. R. 4387. An act to increase the annual income limitations governing the payment of pension to certain veterans and their dependents, and to preclude exclusions in determining annual income for purposes of such limitations; and

H. R. 4394. An act to provide certain increases in the monthly rates of compensation and pension payable to veterans and their dependents, and for other purposes; to the Committee on Finance.

H. R. 313. An act to provide for the construction of certain Veterans' Administration hospitals, and for other purposes; and

H. R. 4233. An act to authorize payments by the Administrator of Veterans' Affairs on the purchase of automobiles or other conveyances by certain disabled veterans or cash payments in lieu thereof, and for other purposes; to the Committee on Labor and Public Welfare.

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. GEORGE, and by unanimous consent, the Committees on Armed Services and Foreign Relations, meeting jointly, were authorized to meet this afternoon during the session of the Senate.

ORDER OF BUSINESS

Mr. McFARLAND. Mr. President, the Speaker of the House has suggested that Members of the Senate be in the House Chamber at 12:20. The Senate can occupy a few minutes of time for the transaction of routine business.

The VICE PRESIDENT. The Senate has met after an adjournment, so there is a morning hour automatically.

Mr. McFARLAND. Very well.

EXECUTIVE COMMUNICATIONS, ETC.

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

RELIEF OF CERTAIN OFFICERS AND EMPLOYEES OF THE FOREIGN SERVICE WHO SUFFERED LOSSES BY REASON OF WAR

A letter from the Secretary of State, transmitting a draft of proposed legislation for the relief of certain officers and employees of the Foreign Service of the United States who, while in the course of their respective duties, suffered losses of personal property by reason of war conditions and catastrophes of nature (with accompanying papers); to the Committee on the Judiciary.

REPORT OF TECHNICAL COOPERATION ADMINISTRATION

A letter from the Secretary of State, transmitting, pursuant to law, the first quarterly report of the Technical Cooperation Administration, for the quarter ended December 31, 1950 (with an accompanying report); to the Committee on Foreign Relations.

EXTENSION OF SUGAR ACT OF 1948

A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation to amend and extend the Sugar Act of 1948, and for other purposes (with an accompanying paper); to the Committee on Finance.

SUSPENSION OF DEPORTATION OF ALIENS—WITHDRAWAL OF NAMES

A letter from the Attorney General, withdrawing the name of Nicolas Ioannis Karambelas or Nick John Caras, and Ernst Gustav Benedix from reports relating to aliens whose deportation had been suspended, transmitted to the Senate on May 1, 1951, and January 16, 1950, respectively; to the Committee on the Judiciary.

ACTS AND JOINT RESOLUTIONS OF HAWAIIAN LEGISLATURE

A letter from the Assistant Secretary of the Interior, transmitting copies of the following acts and joint resolutions adopted by the Legislature of the Territory of Hawaii, which acts and resolutions were referred as indicated:

Act 178. An act to amend section 1943 of the Revised Laws of Hawaii, 1945, as amended, relating to the University of Hawaii and the powers of the board of regents thereof;

Act 204. An act authorizing the issuance of bonds for flood-control projects;

Joint Resolution 23. Requesting the Congress of the United States to ratify and confirm Act 204 of the Session Laws of Hawaii 1951 authorizing the issuance of bonds for flood-control projects;

Joint Resolution 24. Memorializing the Congress of the United States to enact legislation to remove the discrimination against women in the matter of jury service in the Territory of Hawaii; and

Joint Resolution 33. Requesting the Congress of the United States to enact legislation permitting any municipality in the Territory to borrow money pursuant to chapter 118 of the Revised Laws of Hawaii 1945 as the same has been or in the future may be amended by the Legislature of the Territory of Hawaii and within such periods of time as the legislature may determine; to the Committee on Interior and Insular Affairs.

Joint Resolution 26. Requesting the Congress of the United States of America to eliminate taxes upon passenger transportation between the several islands comprising the Territory of Hawaii; to the Committee on Finance.

Joint Resolution 29. Memorializing the Congress of the United States of America to enact the necessary legislation granting Federal aid to the city and county of Honolulu for the construction of the Koolau Tunnel project through the Kalihi Valley; to the Committee on Public Works.

REPORT OF DISPLACED PERSONS COMMISSION

A letter from the chairman and members of the Displaced Persons Commission, transmitting, pursuant to law, the fourth semiannual report of the Commission as of August 1, 1950 (with an accompanying report); to the Committee on the Judiciary.

WHAT AMERICA MEANS TO ME—VALEDICTORY ADDRESS BY HELJU KIVIMAE

Mr. FLANDERS. Mr. President, I have in my hand one of the most remarkable documents that I have ever read. It is the valedictory address by a girl from a DP family in a high school in Vermont. It will take 5 minutes to read it. I ask unanimous consent to read it into the RECORD.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Senator from Vermont may proceed.

Mr. FLANDERS. The address is as follows:

WHAT AMERICA MEANS TO ME

(By Helju Kivimae)

Friends, we welcome you most cordially to our commencement exercises. We are grateful to those who have helped us, our parents, the trustees, our principal and teachers, all our friends. For my class I express our appreciation.

Two years ago today I was on an ocean liner entering New York harbor. There were more than 1,000 people aboard, all of them new Americans. We were looking toward our new country and wondering what lay waiting for us there. We had no earthly goods to bring with us to this country, but we brought two gifts from God, happiness in work and a strong hope for the future. We knew little about America, its language or its customs. I did not know then how to love my new country.

Since that day I have learned how to call this country my home, and to love her so much that I want to tell you what America means to me and to many other new Americans.

America is the country of freedom. So often when we have somebody who loves us and is good to us, and whom we have near us all the time, we grow so accustomed to this presence that we take all loving care for granted and may even become careless and rude toward that person. But if that person is taken away we understand at once how much we love her or him. It is the same way with democracy and freedom. Having enjoyed freedom and then having lost it, we realize how much freedom really means to us.

I come from Estonia, one of the three little Baltic States. Estonia was a very democratic country, but the life span of the small independent nation was very short. During World War II Estonia was first overrun by the Russians, who destroyed our homes, killed many of our people, and took many others to prison camps in Siberia. Then came the Germans, still no freedom. Now Estonia is once more under the bloody rule of Russia. Under these dictators people lose all their freedom; they feel like deer who are being pursued.

Freedom has been restored to us who have come here to America. Former cruel experiences have made freedom and democracy twice as dear to us.

What seems only natural to you seems wonderful to me. Your freedom of religion, the right to work usefully in a system of free enterprise; the right to fair play, adequate to command the necessities of life, food, clothing, shelter, and medical care in exchange for work, ideas, and thrift; the right to equality before the law with equal access to justice; the right to security, with freedom from fear, want, and dependency, and finally what has meant so much to me during these 2 years at Lyndon Institute, the right to education, to preparation for a life work, citizenship, and personal growth. I feel to the bottom of my heart a part of Elias Lieberman's poem, Credo:

"I believe
In my country and her destiny,
In the great dream of her founders,
In her place among the nations,
In her ideals;
I believe
That her democracy must be protected,
Her privileges cherished,
Her freedom defended;
I believe
That, humbly before the Almighty
But proudly before all mankind,
We must safeguard her standards,
The vision of her Washington,
The martyrdom of her Lincoln,
With the patriotic ardor
Of the Minute Men
And the boys in blue
Of her glorious past.
I believe
In loyalty, to my country
Utter, irrevocable, inviolate."

CALL OF THE ROLL

Mr. McFARLAND. Mr. President, it will be necessary to have a quorum call before the Senate proceeds to the Hall of the House of Representatives. We will try to have insertions in the RECORD and routine business on our return. I suggest the absence of a quorum.

Mr. WHERRY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. WHERRY. Will the Senate take up at the point where we left off when we return from the House?

The VICE PRESIDENT. The Chair would think so, for the reason that the Senate convened after an adjournment, and we have not yet had the morning hour.

The absence of a quorum has been suggested. The Secretary will call the roll.

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

Anderson	Green	McKellar
Bennett	Hayden	McMahon
Benton	Hendrickson	Millikin
Brewster	Hennings	Monroney
Bricker	Hickenlooper	Moody
Bridges	Hill	Mundt
Butler, Md.	Hoey	Neely
Byrd	Holland	Nixon
Cain	Humphrey	O'Mahoney
Capehart	Ives	Pastore
Carlson	Johnson, Colo.	Robertson
Case	Johnson, Tex.	Russell
Chavez	Kefauver	Schoeppel
Clements	Kem	Smith, Maine
Connally	Kerr	Smith, N. J.
Cordon	Kilgore	Smith, N. C.
Douglas	Knowland	Sparkman
Duff	Lehman	Stennis
Dworshak	Lodge	Taft
Eastland	Long	Thye
Ecton	Magnuson	Watkins
Ellender	Malone	Welker
Ferguson	Maybank	Wherry
Flanders	McCarran	Wiley
Frear	McCarthy	Williams
Fulbright	McClellan	Young
George	McFarland	

Mr. JOHNSON of Texas. I announce that the Senator from Iowa [Mr. GILLETTE] is absent by leave of the Senate.

The Senator from Wyoming [Mr. HUNT], the Senator from Maryland [Mr. O'CONOR], and the Senator from Kentucky [Mr. UNDERWOOD] are absent on official business.

The Senator from South Carolina [Mr. JOHNSTON] is absent on official committee business.

The Senator from Montana [Mr. MURRAY] is absent by leave of the Senate on official business, having been appointed a representative of our Government to attend the International Labor Conference now being held in Geneva, Switzerland.

The Senator from Florida [Mr. SMATHERS] is absent because of illness.

Mr. WHERRY. I announce that the Senator from Vermont [Mr. AIKEN], the Senator from Nebraska [Mr. BUTLER], the Senator from Illinois [Mr. DIRKSEN], the Senator from Indiana [Mr. JENNER], and the Senator from North Dakota, Mr. LANGER], are absent on official business.

The Senator from Pennsylvania [Mr. MARTIN] is absent because of illness.

The Senator from Oregon [Mr. MORSE] and the Senator from New Hampshire [Mr. TOBEY] are absent by leave of the Senate.

The Senator from Massachusetts [Mr. SALTONSTALL] is necessarily absent.

The VICE PRESIDENT. A quorum is present.

JOINT MEETING OF THE TWO HOUSES—ADDRESS BY PRESIDENT OF ECUADOR

Mr. McFARLAND. Mr. President, I move that the Senate stand in recess, to assemble in the Hall of the House of Representatives to hear an address to be delivered by the President of Ecuador, the Senate to reconvene upon the call of the Chair.

The motion was agreed to; and, (at 12 o'clock and 20 minutes p. m.) the Senate took a recess, subject to the call of the Chair.

The Senate, preceded by the Secretary, Leslie L. Biffle, the Sergeant at Arms, Joseph C. Duke, and the Vice President, proceeded to the Hall of the House of Representatives to greet and to listen to the address to be delivered by His Excellency Galo Plaza, President of Ecuador.

(For the address delivered by the President of Ecuador, see House proceedings, pp. 6898–6900.)

At 12 o'clock and 56 minutes p. m., the Senate returned to its Chamber, and reassembled when called to order by the Vice President.

MORNING BUSINESS

The VICE PRESIDENT. When the Senate recessed we were in the morning hour and the presentation of petitions and memorials was in order. If there are no petitions and memorials, reports of committees are in order.

MILITARY PROCUREMENT—REPORT OF SELECT COMMITTEE ON SMALL BUSINESS (REPT. NO. 469)

Mr. SPARKMAN, from the Select Committee on Small Business, submitted a report on Participation of Small Business in Military Procurement, which was ordered to be printed.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, June 21, 1951, he presented to the President of the United States the enrolled bill (S. 927) to amend section 6 of the Central Intelligence Agency Act of 1949.

BILLS INTRODUCED

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

By Mr. LEHMAN (for himself, Mr. IVES, Mr. SPARKMAN, and Mr. KEFAUVER):

S. 1714. A bill for the establishment of a temporary National Advisory Committee for the Blind; to the Committee on Labor and Public Welfare.

(See the remarks of Mr. LEHMAN when he introduced the above bill, which appear under a separate heading.)

By Mr. DWORSHAK:

S. 1715. A bill for the relief of Elli Neubert and her two children; to the Committee on the Judiciary.

By Mr. WILEY:

S. 1716. A bill for the relief of Sister Odilia, also known as Maria Hutter; to the Committee on the Judiciary.

S. 1717. A bill to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended, reported by Mr. MAYBANK, from the Committee on Banking and Currency, which was read twice by its title, and ordered to be placed on the Calendar.

(See the remarks of Mr. MAYBANK when he reported the above bill, which appear under a separate heading.)

By Mr. McCARRAN:

S. 1718. A bill for the relief of Elizabeth Bozsik; to the Committee on the Judiciary.

TEMPORARY NATIONAL ADVISORY COMMITTEE FOR THE BLIND

Mr. LEHMAN. Mr. President, on behalf of myself, my colleague, the senior Senator from New York [Mr. IVES], the Senator from Alabama [Mr. SPARKMAN], and the Senator from Tennessee [Mr. KEFAUVER], I introduce for appropriate reference a bill to establish a temporary national advisory committee for the blind. This bill differs from the one recently introduced by the junior and senior Senators from Delaware [Mr. FREAR and Mr. WILLIAMS] only in respect to the membership of the advisory committee to be established. I feel that the need for the study envisioned in this proposed legislation is important enough to warrant speedy approval by the Congress.

The bill (S. 1714) for the establishment of a temporary national advisory committee for the blind, introduced by Mr. LEHMAN (for himself and other Senators), was read twice by its title, and referred to the Committee on Labor and Public Welfare.

EXTENSION OF SUGAR ACT OF 1948—ADDITIONAL COSPONSORS OF BILL

Mr. ELLENDER. Mr. President, I ask unanimous consent that the names of the Senator from Nebraska [Mr. WHERRY], the junior Senator from Idaho [Mr. WELKER], the senior Senator from Idaho [Mr. DWORSHAK], the junior Senator from Utah [Mr. BENNETT], the senior Senator from Utah [Mr. WATKINS], the Senator from South Dakota [Mr. CASE], the Senator from Kansas [Mr. CARLSON], the Senator from Maryland [Mr. BUTLER], the Senator from Washington [Mr. CAIN], the Senator from New Mexico [Mr. CHAVEZ], and the Senator from New York [Mr. LEHMAN] be added as cosponsors of the bill (S. 1694) to amend and extend the Sugar Act of 1948, and for other purposes, introduced on behalf of myself and other Senators on June 18, 1951.

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

ANNUAL AND SICK LEAVE PRIVILEGES TO CERTAIN INDEFINITE SUBSTITUTE POSTAL EMPLOYEES—AMENDMENTS

Mr. CARLSON submitted amendments intended to be proposed by him to the bill (H. R. 3605) to amend section 6 of Public Law 134, approved July 6, 1945, as amended, to grant annual and sick leave privileges to certain indefinite substitute employees in the postal service, which were ordered to lie on the table and to be printed.

ATTENDANCE OF MEMBERS OF THE SENATE AS OBSERVERS AT HEARINGS OR OTHER MEETINGS

The VICE PRESIDENT. The Chair lays before the Senate a resolution coming over from the previous day, which will be read.

The resolution (S. Res. 137) submitted by Mr. WATKINS and Mr. FERGUSON on May 2, 1951, was read, as follows:

Resolved, That any Member of the Senate is authorized to attend as an observer any hearing or other meeting, whether executive or open, held by the Committees on Armed Services and Foreign Relations in accordance with the order of the Senate of April 25, 1951.

Mr. WHERRY. Mr. President, with reference to the resolution which the clerk has just read, it was submitted on May 2, 1951. Since that time, of course, the committees have met, and have considered American foreign policy so that even though the resolution is before the Senate for consideration, I suggest that it go over.

The VICE PRESIDENT. The resolution will go over.

ADDRESSES, EDITORIALS, ARTICLES, ETC., PRINTED IN THE APPENDIX

On request, and by unanimous consent, addresses, editorials, articles, etc., were ordered to be printed in the Appendix, as follows:

By Mr. SMITH of North Carolina:

Address on the subject An Example of Private Enterprise, delivered by him on June 15, 1951, at the dedication of the Carolina Power & Light Co. plant at Goldsboro, N. C., and an editorial from the Kinston (N. C.) Daily Free Press.

By Mr. DUFF:

Address entitled "America's Obligation in Today's World," delivered by him to the graduating class of Lehigh University, Bethlehem, Pa., on Monday, June 18, 1951.

By Mr. JOHNSON of Texas:

Address delivered by the Secretary of the Treasury before the Bond Club of Chicago, Ill., on June 13, 1951.

By Mr. MAYBANK:

Commencement address entitled "Democracy Is Our Strength," delivered by Mrs. Ellen S. Woodward, Director of the Office of International Relations, Federal Security Agency, at Winthrop College, the South Carolina College for Women, at Rock Hill, S. C., on June 3, 1951.

By Mr. McFARLAND:

Article entitled "One Year of Korea," written by Ernest K. Lindley, and published in the June 25, 1951, issue of Newsweek.

By Mr. THYE:

Article entitled "Weak Air Force Due to Truman," written by David Lawrence and published in the Washington Evening Star of June 20, 1951.

By Mrs. SMITH of Maine:

A series of three articles entitled "Total War and Coexistence," by Walter Lippmann, published in the Washington Post.

By Mr. KILGORE:

Editorial regarding the Two Hundred and First Field Artillery Battalion of Fairmont, W. Va., published in the Fairmont (W. Va.) Times of June 20, 1951.

THE PRESIDENT OF ECUADOR

Mr. WILEY. Mr. President, if I may have a moment of the Senate's time, I should like to make reference to the President of Ecuador, who has just addressed the two Houses of Congress.

The VICE PRESIDENT. Without objection, the Senator from Wisconsin may proceed.

Mr. WILEY. I wish to say that I think the Senate, when it attended the joint meeting in the House of Representatives today, was privileged to hear one of the most cultured and remarkable addresses we have heard for a long time. The President of Ecuador is a great statesman. He was born in this country and lived in this country when he was a boy. He was educated here and absorbed many of our American ideas. His voice today was like a light shining from South America in behalf of the kind of collaboration which I am sure augurs a great deal of good for the future. We welcome him and his family to our shores. He is building well for Ecuador and both South and North America.

CALL OF THE ROLL—THE CALENDAR

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

The VICE PRESIDENT. The clerk will call the roll.

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

Anderson	Green	McKellar
Bennett	Hayden	McMahon
Benton	Hendrickson	Millikin
Brewster	Hennings	Monroney
Bricker	Hickenlooper	Moody
Bridges	Hill	Mundt
Butler, Md.	Hoey	Neely
Byrd	Holland	Nixon
Cain	Humphrey	O'Mahoney
Capehart	Ives	Pastore
Carlson	Johnson, Colo.	Robertson
Case	Johnson, Tex.	Russell
Chavez	Kefauver	Schoeppel
Clements	Kem	Smith, Maine
Connally	Kerr	Smith, N. J.
Cordon	Kilgore	Smith, N. C.
Douglas	Knowland	Sparkman
Duff	Lehman	Stennis
Dworshak	Lodge	Taft
Eastland	Long	Thye
Ecton	Magnuson	Watkins
Ellender	Malone	Welker
Ferguson	Maybank	Wherry
Flanders	McCarran	Wiley
Frear	McCarthy	Williams
Fulbright	McClellan	Young
George	McFarland	

The PRESIDING OFFICER (Mr. HOEY in the chair). A quorum is present.

Under the order previously entered, the calendar will now be called, beginning with the first bill on the calendar. The Chair calls the attention of the Senate to the fact that this is a call of the calendar for unobjected-to bills. If objection is made to a bill, the bill automatically goes over. When objection is made, if Senators will refrain from discussing the bill the Senate can proceed more rapidly.

The clerk will call the first bill on the calendar.

BILL PASSED OVER

The bill (S. 32) to amend title 28, United States Code, section 456, so as to increase to $15 per day the limit on subsistence expenses allowed to justices and judges traveling while attending court or transacting official business at places other than their official stations and to authorize reimbursement for such travel by privately owned automobiles at the rate of 7 cents per mile, was announced as first in order.

Mr. DOUGLAS. Mr. President, I object.

The PRESIDING OFFICER. On objection, the bill will be passed over.

PROTECTION AGAINST MISBRANDING, ETC., OF FUR PRODUCTS AND FURS

The bill (S. 508) to protect consumers and others against misbranding, false advertising, and false invoicing of fur products and furs was announced as next in order.

Mr. ELLENDER. Over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. JOHNSON of Colorado subsequently said: Mr. President, I was out of the Chamber when Calendar No. 80, Senate bill 508, was called. Objection was raised to the bill, and it was ordered to go over. I ask unanimous consent that the bill may go to the foot of the calendar. I understand amendments have been prepared which would amend the bill in such a way that there would no longer be any objection to it.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the bill will be passed to the foot of the calendar.

BILLS PASSED OVER

The bill (S. 337) to amend the Public Health Service Act and the Vocational Educational Act of 1946 to provide an emergency 5-year program of grants and scholarships for education in the fields of medicine, osteopathy, dentistry, dental hygiene, public health and nursing professions, and for other purposes, was announced as next in order.

Mr. HENDRICKSON. Mr. President, this is not the type of bill that should be passed on the call of the calendar. Therefore I ask that the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 618) to prohibit the parking of vehicles upon any property owned by the United States for postal purposes, was announced as next in order.

Mr. HENDRICKSON. Mr. President, I ask that this bill go over.

The PRESIDING OFFICER. The bill will be passed over.

EXCHANGE OF CERTAIN LANDS BELONGING TO THE DISTRICT OF COLUMBIA

The bill (S. 673) to permit the exchange of land belonging to the District of Columbia for land belonging to the abutting property owner or owners, and for other purposes, was announced as next in order.

Mr. SCHOEPPEL. Mr. President, reserving the right to object, I understand that some consideration has been given to an amendment to this measure. I send a copy of the amendment to the desk and ask that it be read.

The PRESIDING OFFICER. Without objection, the amendment will be read.

The CHIEF CLERK. On page 2, line 1, it is proposed to strike the period following "thereof" and insert a colon and the following: "*Provided*, That no such exchange shall be made unless the Commissioners of said District shall, 30 days

prior thereto, publish in a newspaper of general circulation in the said District a notice of their intention to make such exchange and such notice shall include a description by lot or parcel number or otherwise of all lots or parcels to be exchanged and the appraised value thereof"; on page 2, lines 10 and 11, following the comma after "Commissioners", it is proposed to insert "on the basis of an appraisal"; on page 2, line 15, following the word "Commissioners", it is proposed to insert ", on the basis of an appraisal"; strike out section 2 in its entirety.

The PRESIDING OFFICER. Does the Senator from Kansas object to consideration of the bill?

Mr. SCHOEPPEL. I reserve the right to object, unless this amendment is agreed to. I understand that it has been considered, and is acceptable.

The PRESIDING OFFICER. The Senate cannot consider amendments until the bill is before the Senate.

Mr. SCHOEPPEL. I withdraw the objection so that the amendment may be offered.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. SCHOEPPEL. Mr. President, I now offer the amendment which has been read.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kansas.

THE LOYALTY PROGRAM

Mr. McCARTHY. Mr. President, I shall take the 5 minutes allowed under the rule to bring to the attention of the Senate certain facts which I believe it will find of interest. When first these facts were brought to my attention I could not believe them, and I did not want to give this information to the Senate until I got some confirmation in writing, which I now have.

I find that as of today charges have been filed in the State Department against Philip C. Jessup and John Carter Vincent under the loyalty program, and that both cases are pending before the Loyalty Board.

This is not a routine filing of charges. I find that in October of last year, Mr. Humelsine, who heads the loyalty program, issued a memorandum covering the filing of charges. In that memorandum it was provided that no case could come up after an individual had been cleared, unless there were substantial new evidence.

That memorandum is not found in the Jessup or Vincent file. It is found in the Brunauer file, but it applies to all the cases brought up.

Incidentally, I do not have too much information on the evidence in the Jessup case, except that the charges have been filed.

In the Vincent case a part of the evidence consists of direct testimony that Mr. Vincent was a member of the Communist Party.

I should like to report to the Senate on the disposition of 2 of the 81 cases which were detailed to the Senate by me last year. One of them was case No. 3. I did not give the name of the individual then, so I will not give it today. The names were all given to the Tydings committee. That individual was allowed to resign, and he got a job with the Army. Since then the Army has suspended him under the loyalty program. I think that case demonstrates the dangerous practice—the practice which has been engaged in in the State Department, of bringing a man up under the loyalty program, and then allowing him to resign and proceed to get a job in another department.

Case No. 54 was suspended by the State Department for security reasons, but so far as I can determine is still drawing his pay in the State Department.

INVESTIGATION OF FEDERAL PATRONAGE IN THE STATE OF MISSISSIPPI

Mr. EASTLAND. Mr. President, on behalf of the people of Mississippi I desire to express the State's gratitude to the Senate investigating committee for the very fine work which the committee did in the State of Mississippi in uncovering corruption in the handling of Federal patronage in the State. The Senator from North Carolina [Mr. HOEY], the Senator from Arkansas [Mr. McCLELLAN] and the Senator from South Dakota [Mr. MUNDT] went to Mississippi at the sacrifice of their time, away from their duties here, and conducted a very fair and impartial investigation. No more wholesome work was ever done in any investigation than that done by the committee and by its very able staff. I greatly appreciate the efforts of the committee. Today the committee commands the respect of the people of Mississippi.

The hearings were broadcast on the radio over the States, and I have heard a great number of people comment on the fairness and impartiality of the committee. Again, on behalf of the State of Mississippi, I desire to thank the distinguished Senator from North Carolina, the distinguished Senator from Arkansas, and the distinguished Senator from South Dakota.

BUDGET CHECKING COMMITTEE

Mr. WILEY. Mr. President, reserving the right to object—and I do not intend to object—I wish to exercise my right under the 5-minute rule.

Mr. President, I desire at this time to say a few words in relation to our method of cutting bills which have come from the committee.

I believe that Congress must take major action to set up on a permanent and continuing basis an investigative arm by which it can achieve Federal economy.

The basic challenge to us is to cope with the disease which afflicts Washington bureaus—a disease which might be called "expansionitis." The major symptoms of that disease are the desire for more space, more personnel, more money, more desks, more stationery, more automobiles, more everything.

It is my feeling that although it is important to bring about budgetary economy on the floor of the Senate, there is a continuing investigative job which should be done by what might be called in effect a budget-checking committee.

TRAINED INVESTIGATORS NECESSARY TO SAVE MONEY

I well recognize that we have at present a Joint Committee on Nonessential Federal Expenditures headed by our distinguished colleague from Virginia [Mr. BYRD]. But what I have in mind is an investigative arm which would be staffed by trained efficiency experts who could go into Federal offices throughout the country, find instances of duplication, wasted efforts, and so forth, and report back directly to the Congress.

We of the Senate Crime Committee have found that there is need for trained investigators to unearth basic evidences and that nothing short of such investigators will suffice.

MY 1943 BUDGET COMMITTEE BILL

Back in 1943 I introduced a bill to create a Joint Committee on the Budget. On January 21, 1943, I offered a Senate Concurrent Resolution 3 to bring together members of the Senate and House Appropriations Committees and the Senate Finance Committee as well as the House Ways and Means Committee to make a full and complete study concerning governmental revenues and expenditures. At the present time a considerably modified version of my bill in the form of S. 913 to create a Joint Committee on the Budget is pending before the Executive Expenditures Committee. I believe that such a joint committee could be of genuine assistance, just as the present Joint Committee on Internal Revenue Taxation has helped to coordinate congressional information on revenue raising. But merely having another committee will not of itself do the job. What we need is a trained staff to help the committee do the spadework.

CONGRESS MUST "CHECK AND BALANCE" EXECUTIVE BUDGET

For years and years I have been urging the appointment of efficiency experts by the Congress. The main purpose of such experts would be to provide an adequate check on the overhead and other costs of the executive branch. It is incomprehensible how the Congress can expect to do an adequate job with its present limited staff in trying to evaluate the $60,000,000,000 or $70,000,000,000 budget.

To be sure, the legislative reorganization law of the Seventy-ninth Congress did provide for a modest increase of committee staffs, but it did not provide for the sort of trained squads of efficiency experts such as I think ought to be attached to a joint budget committee.

A REPUBLICAN EIGHTY-THIRD CONGRESS COULD SET UP THIS MECHANISM

It is my judgment that the Eighty-second Congress should set up such a committee and adequately staff it. This could be one of our most important achievements. If the Eighty-second Congress does not do it, then the Eighty-third Congress, which will be elected in November 1952, and which I believe will be a Republican Congress, will, I trust,

accomplish this real improvement by adding this mechanism to the legislative branch.

ARBITRARILY CUTTING FUNDS CAN RESULT IN INEQUITIES

At the present time a bipartisan group of Senators is applying the economy hatchet in the Senate and House Appropriations Committees and on the floor of both Chambers. Deeply interested as I am, and as they are, in economy, I want to point out that this hatchet process is not a pattern to follow permanently. It is open to unintentional mistakes and misjudgments. A billion-dollar bill cannot be slashed in a matter of a few minutes or hours of floor or committee debate without some inequities occurring.

WE SHOULD FOLLOW PATTERN OF PRIVATE BUSINESS

In private business, efficiency experts are employed who become familiar with every phase of operations and who have a genuine knowledge of cost accounting. We ought to apply the same method to government. It is my judgment that the President of the United States through the United States Bureau of the Budget could effectively inaugurate the procedure I am recommending—not on a token basis as at present—just as the various department heads could so inaugurate it through the administrative management divisions which already operate in most agencies. However, with but rare exceptions such as the activities of former Secretary of Defense Johnson, agency heads have refused to even try to cut away "fat."

I mention fat and not muscle; in other words, nonessential functions, rather than essential functions.

WE CANNOT BE A SOUND TRUSTEE ON PRESENT BASIS

We of the legislative branch are after all the custodians of the American people's money. We appropriate tens of billions of dollars, often without adequate consideration. Why? Because of the tremendous pressure of legislative business.

I say we need the facts to do the job of making judicious appropriations. Without the facts, without summaries of the basic conditions of extravagance and waste—which could be provided for us by efficiency experts—about all we can do is concur in the budget requests as submitted to us. We thus fail to provide a check and balance which I believe is our basic legislative function.

SCRUTINY OF MILITARY PROCUREMENT ESSENTIAL

I believe in particular that a budget-checking committee could prove particularly invaluable in connection with economies in the procurement end of the Department of National Defense—a phase of operations which is costing the American people tens of billions of dollars and which, judging from past experiences, undoubtedly is full of water.

If we want to save this American system of ours and keep it solvent, here is a good way to begin. So let us awaken and make the legislative branch more effective and more efficient by setting up a permanent instrumentality to check executive budgets in a scientific, continuing, and efficient way.

EXCHANGE OF CERTAIN LANDS BELONGING TO THE DISTRICT OF COLUMBIA

The Senate resumed the consideration of the bill (S. 673) to permit the exchange of lands belonging to the District of Columbia for land belonging to the abutting property owner or owners, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kansas.

Mr. McCARRAN. Mr. President, today was set aside for the calling of the calendar. I certainly enjoy very much listening to the remarks of Senators, particularly the Senator from Wisconsin, but I believe that we should go forward with the call of the calendar. It is a long calendar. There are many measures on it. Questions may be asked with respect to them, and we should like to have an opportunity to make explanation.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kansas.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That where two lots or parcels of land abut each other and one of such lots or parcels belongs to the District of Columbia, the Commissioners of the District of Columbia, with the approval of the National Capital Park and Planning Commission, are hereby authorized and empowered, when in their judgment and discretion it is for the best interest of the District of Columbia, to exchange such District-owned land, or part thereof, for the abutting lot or parcel of land, or part thereof. The said Commissioners are hereby authorized to execute a proper deed of conveyance for the land belonging to the District to be conveyed and to accept a proper deed of conveyance from the owner of such abutting real estate. If, in the opinion of the Commissioners, the value of the land to be conveyed to the District is in excess of the value of the land to be conveyed by the District, the Commissioners are authorized to pay, within the limitation of appropriations therefor, to the abutting property owner the amount of such excess as determined by the Commissioners, and, if the value of the land to be conveyed by the District is in excess of the value of the land to be conveyed to the District, the Commissioners shall require the abutting property owner to pay such excess as determined by the Commissioners as part of the consideration for the said exchange.

SEC. 2. That where two lots or parcels of land abut each other and one of such lots or parcels belongs to the United States and under the jurisdiction of the Secretary of the Interior, the Secretary of the Interior, with the approval of the National Capital Park and Planning Commission, is hereby authorized and empowered, when in his judgment and discretion it is for the best interest of the United States, to exchange such United States-owned land, or part thereof, for the abutting lot or parcel of land, or part thereof. The said Secretary is hereby authorized to execute a proper deed of conveyance for the land belonging to the United States to be conveyed and to accept a proper deed of conveyance from the owner of such abutting real estate. If, in the opinion of the Secretary, the value of the land to be conveyed to the United States is in excess of the value of the land to be conveyed by the United States, the Secretary is authorized to pay, within the limitation of appropriations therefor, to the abutting property owner the amount of such excess as determined by the Secretary, and, if the value of the land to be conveyed by the United States is in excess of the value of the land to be conveyed to the United States, the Secretary shall require the abutting property owner to pay such excess as determined by the Secretary as part of the consideration for the said exchange.

Mr. SCHOEPPEL. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a memorandum relating to the bill just passed by the Senate.

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

MEMORANDUM TO ACCOMPANY AMENDMENTS PROPOSED BY SENATOR SCHOEPPEL TO S. 673, A BILL TO PERMIT THE EXCHANGE OF LAND BELONGING TO THE DISTRICT OF COLUMBIA FOR LAND BELONGING TO THE ABUTTING PROPERTY OWNER OR OWNERS, AND FOR OTHER PURPOSES

These proposed amendments are designed to meet the objections voiced against S. 673 by Senators DIRKSEN (Ill.), LANGER (N. Dak.), and the minority committee on the calendar. They have been suggested as the result of a meeting held in the office of the District of Columbia Committee of the Senate on March 14.

Present at that meeting were counsel to the District of Columbia Committee, counsel to the Office of the National Capital Parks in the Interior Department, a representative of the corporation counsel of the District, and counsel to the minority committee on the calendar.

The amendments are as follows:

Page 2, line 1, strike the period following "thereof" and insert a colon and the following:

"*Provided*, That no such exchange shall be made unless the Commissioners of said District shall, 30 days prior thereto, publish in a newspaper of general circulation in the said District a notice of their intention to make such exchange and such notice shall include a description by lot or parcel number or otherwise of all lots or parcels to be exchanged and the appraised value thereof."

Page 2, lines 10 and 11, following the comma after "Commissioners," insert "on the basis of an appraisal."

Page 2, line 15, following the word "Commissioners" insert ", on the basis of an appraisal."

Strike section 2 in its entirety.

SALE OF ROCKFISH IN THE DISTRICT OF COLUMBIA

The bill (S. 41) prohibiting the sale in the District of Columbia of rockfish weighing more than 15 pounds was announced as next in order.

Mr. CASE. Mr. President, by request, I object.

Mr. McCARRAN. Mr. President, will the Senator withhold his objection?

Mr. CASE. I withhold my objection.

Mr. McCARRAN. The Senator from North Dakota [Mr. LANGER] for whom I believe the Senator from South Dakota is making objection to the bill, has been filing objection to the bill when it has been called on calendar day. After an explanation was made to him he told me that he had no further objection to it. I merely wish to draw the fact to the Senator's attention, if that is the source of his objection.

Mr. CASE. That is the source of my objection. Another Senator also objected, but he is present on the floor.

Since he has no objection, I withdraw the objection I raised.

The PRESIDING OFFICER. Is there objection?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 899 of the act entitled "An act to establish a code of law for the District of Columbia," approved March 3, 1901, as amended (D. C. Code, 1940 ed., sec. 22-1605) is amended to read as follows:

"SEC. 899. STRIPED BASS. It shall be unlawful for any person to offer for sale, to expose for sale, or to sell, in the District of Columbia, at any time during the year, any striped bass, locally called rockfish, which is less than 12 inches in length (measured from the tip of the nose to the tip of the tail), or more than 15 pounds in weight."

SEC. 2. This act shall become effective 30 days after the date of its enactment.

BILLS AND RESOLUTION PASSED OVER

The bill (H. R. 857) for the relief of Mrs. Rose A. Mongrain was announced as next in order.

Mr. HENDRICKSON. By request, I ask that the bill go over.

The PRESIDING OFFICER. The bill will go over.

The bill (S. 630) to suspend until December 31, 1952, the application of certain Federal laws with respect to an attorney employed by the Senate Committee on Labor and Public Welfare was announced as next in order.

Mr. SCHOEPPEL. By request, I ask that the bill go over.

The PRESIDING OFFICER. Objection is heard. The bill will go over.

The bill (H. R. 36) to amend title 28, United States Code, section 456, so as to increase to $15 per day the limit on subsistence expenses allowed to justices and judges while attending court or transaction business at places other than their official station, and to authorize reimbursement for such travel by privately owned automobiles at a rate of not exceeding 7 cents per mile, was announced as next in order.

Mr. DOUGLAS. Mr. President, over.

The PRESIDING OFFICER. Objection is heard. The bill goes over.

The bill (S. 719) to establish beyond doubt that under the Robinson-Patman Act, it is a complete defense to a charge of price discrimination for the seller to show that its price differential has been made in good faith to meet the equally low price of a competitor, was announced as next in order.

Mr. HILL. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 241) to amend the Merchant Marine Act, 1936, as amended, to further promote the development and maintenance of the American merchant marine, and for other purposes, was announced as next in order.

Mr. WILLIAMS. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (H. R. 2929) to authorize the Postmaster General to prohibit or regulate the use of Government property under his custody and control for the parking or storage of vehicles was announced as next in order.

Mr. HENDRICKSON. Over.

The PRESIDING OFFICER. The bill will be passed over.

The resolution (S. Res. 133) to discharge the Committee on the District of Columbia from the further consideration of S. 656, the home-rule bill for the District, was announced as next in order.

Mr. SCHOEPPEL. Over, by request.

The PRESIDING OFFICER. The resolution will go over.

OFFICER PERSONNEL ACT—BILL PASSED TO THE FOOT OF THE CALENDAR

The bill (S. 841) to make certain revisions in titles I through IV of the Officer Personnel Act of 1947, as amended, and for other purposes, was announced as next in order.

Mr. HENDRICKSON. By request, I ask that the bill go over.

Mr. STENNIS. Mr. President, will the Senator withhold his objection?

Mr. HENDRICKSON. I gladly do so at the request of the Senator from Mississippi.

Mr. STENNIS. Mr. President, the bill concerns the status of 200 naval officers, who, under the present law, would be forced out of the service by June 30 of this year, which is a few days from today, unless something is done to remedy the situation. The naval officers involved are not incompetent. They are not being discharged because of lack of ability. Under the application of the present law they are forced out of the service because they have not been promoted on the second call. Unless the bill is passed the Navy will have to call up many Reserve naval officers to take their places. The officers who would be affected by the bill are thoroughly competent.

If the Senator from New Jersey wishes to have a further explanation of the bill it could be given by having the bill go to the foot of the calendar. It would give him an opportunity to look into it further. It is urgent that something be done about the measure promptly.

Mr. HENDRICKSON. In the light of the explanation made by the Senator from Mississippi, I ask unanimous consent that the bill go to the foot of the calendar.

The PRESIDING OFFICER. Without objection, the bill will be passed to the foot of the calendar.

BILLS AND RESOLUTIONS PASSED OVER

The bill (S. 35) to provide for the appointment of deputy United States marshals without regard to the provisions of the civil-service laws and regulations, was announced as next in order.

Mr. SCHOEPPEL. Over, by request.

The PRESIDING OFFICER. The bill will go over.

The bill (S. 50) to provide for the admission of Alaska into the Union, was announced as next in order.

Mr. McCARRAN. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 49) to enable the people of Hawaii to form a constitution and State government and to be admitted into the Union on an equal footing with the original States, was announced as next in order.

Mr. McCARRAN. Over.

The PRESIDING OFFICER. The bill will be passed over.

NATIONAL EMERGENCY TRANSFERS OF DISTILLED SPIRITS

The Senate proceeded to consider the joint resolution (H. J. Res. 73) amending chapter 26 of the Internal Revenue Code which had been reported from the Committee on Finance with an amendment on page 4, line 7, after the word "warehouse", to strike out "*And provided further*, That sections 2836, 2800 (a) (5), and 3250 (f) of the Internal Revenue Code shall not apply to the redistillation of such spirits at a distillery nor shall section 2870 of the code apply to the removal of such spirits from any distillery or internal revenue bonded warehouse" and insert: "*And provided further*, That sections 2836 and 2870 of the Internal Revenue Code shall not apply to the production or redistillation and removal of any such spirts; nor shall sections 2800 (a) (5) and 3250 (f) of the code apply to the redistillation or to the mingling at a distillery or an internal revenue bonded warehouse or in the course of removal, of any such spirits."

Mr. McCARRAN. Mr. President, may we have an explanation of the joint resolution?

Mr. GEORGE. The purpose of the joint resolution is to permit the use of beverage distilled spirits for industrial purposes in connection with the synthetic rubber program and other phases of the national preparedness program.

The joint resolution has the recommendation of the Treasury Department. The amendment which has just been read was suggested by the Treasury Department for purposes of clarification only. The primary purpose of the measure is to make available industrial alcohol.

Mr. McCARRAN. I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the Committee on Finance.

The amendment was agreed to.

The amendment was ordered to be engrossed and the joint resolution to be read a third time.

The joint resolution was read the third time and passed.

TRANSFER OF GIN AND VODKA—AMENDMENT OF SECTION 2883 (d), INTERNAL REVENUE CODE

The bill (H. R. 1613) to amend section 2883 (d) of the Internal Revenue Code, as amended by Public Law 448, Eighty-first Congress, was considered, ordered to a third reading, read the third time, and passed.

TRANSFER BY PIPELINE OF FORTIFYING SPIRITS—AMENDMENT OF SECTION 2883 (b) OF INTERNAL REVENUE CODE

The bill (H. R. 2746) to amend section 2883 (b) of the Internal Revenue Code, as amended by Public Law 448, Eighty-first Congress, was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H. R. 2192) to amend section 313 (b) of the Tariff Act of 1930 was announced as next in order.

Mr. SCHOEPPEL. Over, by request.

The PRESIDING OFFICER. The bill will be passed over.

EXCLUSION FROM GROSS INCOME OF INCOME FROM DISCHARGE OF INDEBTEDNESS

The bill (H. R. 2416) relating to exclusion from gross income of income from discharge of indebtedness was announced as next in order.

Mr. McFARLAND. Mr. President, I have no objection to the bill, but I wish to offer an amendment to it, and it will take more than 5 minutes to consider it. I ask unanimous consent that the bill be made the unfinished business at the conclusion of the call of the calendar.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arizona? The Chair hears none, and it is so ordered.

BILL PASSED OVER

The bill (S. 621) to amend section 604 (b) of the Classification Act of 1949 was announced as next in order.

Mr. McFARLAND. Mr. President, by request, I ask that the bill be passed over.

The PRESIDING OFFICER. The bill will be passed over.

REPEAL OF OBSOLETE LAWS RELATING TO THE POST OFFICE DEPARTMENT

The bill (S. 1074) to repeal certain obsolete laws relating to the Post Office Department was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the following acts and parts of acts, which have become obsolete, inoperative, and unnecessary are hereby repealed:

1. The second proviso of the twenty-third paragraph under the heading "Office of the Second Assistant Postmaster General" in the act entitled "An act making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1914, and for other purposes," approved March 4, 1913 (37 Stat. 799; 39 U. S. C. 668), relating to sea post clerks' disability allowance and compensation for death.

2. Section 4015, Revised Statutes (39 U. S. C. 671).

3. Section 4022, Revised Statutes (39 U. S. C. 673).

4. The first paragraph of section 1724 of title 18 of the United States Code as revised, codified, and enacted into positive law by the act entitled "An act to revise, codify, and enact into positive law, title 18 of the United States Code entitled 'Crimes and Criminal Procedure,'" approved June 25, 1948 (62 Stat. 784, ch. 645).

FREE TRANSPORTATION OF CERTAIN MAIL OF UNITED NATIONS COMMANDS

The Senate proceeded to consider the bill (S. 855) to provide for free transportation of official mail of members of certain United Nations commands, which had been reported from the Committee on Post Office and Civil Service with an amendment to strike out all after the enacting clause, and insert:

That under such rules and regulations as the Postmaster General may prescribe, official mail matter, not exceeding 4 pounds in weight, of organizations and units of the armed forces of nations serving with or under United Nations military commands with which the Armed Forces of the United States are serving, shall be transmitted in the domestic mails of the United States free of postage when addressed within such United Nations military commands or from such United Nations military command headquarters for delivery within the domestic mails of the United States.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to provide for free transmission of official mail of organizations and units of certain United Nations commands."

Mr. SCHOEPPEL. Mr. President, I ask unanimous consent that a statement in reference to the bill be printed in the RECORD at this point.

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

HEADQUARTERS,
ARMY-AIR FORCE POSTAL SERVICE,
Washington D. C., June 4, 1951.

Memorandum for Mr. David Kammerman, counsel for the Senate Minority Committee on the Calendar, room 335, Senate Office Building.

Subject: S-855.

Lt. Col. Carl H. Cundiff, who was formerly chief postal officer for the Far East Command and the United Nations Command at the time General MacArthur's headquarters requested legislation permitting the posting of United Nations mail under a penalty clause, states the legislation was desired for the following reasons.

1. In order that letterheads and penalty envelopes might be printed for the United Nations Command to be used in the preparation of correspondence concerning official business of the United Nations Command, as distinguished from the official business of the United States Army, Navy, and Air Force.

2. It is considered that technically the Commander-in-Chief of the United Nations Command could mail such correspondence under the penalty privilege of the Army, as it is not always possible to separate the official business of the United Nations Command from that of the United States. It would be much better, administratively and otherwise, however, if the United Nations Command could handle its correspondence through the use of its own printed letterheads and penalty envelopes.

3. A specific instance of the value of granting the penalty privilege to the United Nations Command was in the matter of advising next of kin of casualties. It was the practice of General MacArthur (and presumably this practice is being followed by his successor) of writing a personal letter of condolence to the next of kin of those men killed in action. It was necessary for him to write to the next of kin under the General Headquarters, Far East Command, letterheads and post such letters in Army penalty envelopes, whereas it would have been much more administratively convenient and of greater psychological value if he had been able to write to next of kin with United Nations Command letterheads and penalty envelopes.

4. It is now necessary for elements of the United Nations Command, both the United States and non-American, to pay postage on envelopes bearing the return address of the United Nations Command. This practice is not only very inconvenient but it brings up budgetary problems not contemplated in the allocation of various government appropriations, and insofar as American units are concerned, the purchasing of postage is merely transferring government funds from one agency to another, serving no good administrative or governmental purpose.

5. The proposal to restrict the penalty privilege to the mailing of official United Nations communications to the United Nations headquarters in New York is not considered practicable, in view of the necessity for the United Nations command to correspond with the many subordinate commands and United Nations components in the Far East and with addressees located at various post offices within the United States, especially with respect to mailings in connection with casualties.

6. It is not considered the additional cost to either the Department of Defense or the Post Office Department in granting the penalty privilege to a United Nations command is sufficient to override the administrative, operational, and psychological advantages which would accrue to the United States Government, and the various international components of the United Nations command, by the granting of the privilege.

CHARLIE H. BELL,
Lieutenant Colonel, USAF, Director.

EXTENSION TO SCREEN VEHICLE CONTRACTORS BENEFITS ACCORDED STAR-ROUTE CONTRACTORS

The bill (S. 759) to extend to screen vehicle contractors benefits accorded star-route contractors with respect to the renewal of contracts and adjustment of contract pay was announced as next in order.

Mr. HENDRICKSON. Mr. President, may we have an explanation of the bill, with particular emphasis as to the cost of the bill?

Mr. PASTORE. Mr. President, this bill extends to screen wagon contractors the same privilege presently enjoyed by star-route contractors.

Briefly, a star-route contractor is a person who for a stipulated sum carries mail, generally in a motor vehicle, from a central post office or other designated point, to outlying smaller offices, and so forth. There are approximately 12,000 such contractors. Under Public Law 669 of the Eightieth Congress authority was given to the Postmaster General to adjust compensation to be paid to such contractors to meet unforeseen circumstances when contract was made and to renew such contracts at expiration of same without competitive bidding. Such action is wholly within the discretion of the Postmaster General after proper notice. In the Eighty-first Congress this was further amended to give same privilege to subcontractors handling star-routes for the prime contractors.

The so-called screen wagon is the vehicle used by a contractor to carry mail to and from the post offices to railroad stations, boat landings, and so forth. There are presently 173 such contractors.

Even though the number is small as compared with star-route contractors, it was felt by the committee and the Postmaster General concurred, that such contractors should have the same privilege of adjustment during the contract period and renewal without competitive bidding at termination of the contract, as is presently enjoyed by star-route contractors, the action again to be wholly within the discretion of the Postmaster General. The results from Public Law 669 have been satisfactory and the provisions have been beneficial to both

the postal service and the star-route contractors. A factor not to be overlooked is that to properly handle mail in either case requires the contractor to acquire rather costly equipment not easily adapted to other use.

In his favorable report on the bill, the Postmaster General stated that in a period of rising costs the bill would increase the expenditures of the Department, but said it is impossible to estimate the additional cost. He further stated that during a period of declining prices, it is conceivable that some savings might accrue in the readjustment of contracts.

Mr. President, I may say further to the distinguished Senator from New Jersey that we tried to secure an estimate of cost, but it was impossible to obtain one. However, the recommended procedure is very much the same as that which is followed in the case of the star route contractors, and it has worked very well. The system is being inaugurated in this case principally because the contractors have to obtain special equipment; and once they obtain it, if they had to enter into competition, in the long run the objective we seek to attain might be destroyed.

Mr. HENDRICKSON. I thank the Senator, and I withhold objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill (S. 759) was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That (a) clause (1) of the next to last paragraph of section 3951 of the Revised Statutes, as amended (U. S. C., title 39, sec. 434), is amended by inserting after the words "star-route" the words "or screen vehicle service."

(b) Clause (2) of such paragraph is amended by inserting after the word "route" wherever it appears in such clause the words "or contract."

(c) The last paragraph of such section is amended by inserting after the words "star-route" the words "or screen vehicle service."

SUBMISSION OF POSTMASTERS' ACCOUNTS UNDER OATH

The bill (S. 1246) to amend certain laws relating to the submission of postmasters' accounts under oath, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That (a) section 3843 of the Revised Statutes (39 U. S. C. 42) is hereby amended to read as follows:

"Every postmaster shall render to the Postmaster General, in such form and at such times as the latter shall prescribe, accounts of all moneys received or charged by him or at his office, for postage, rent of boxes or other receptacles for mail matter, or by reason of keeping a branch office, or for the delivery of mail matter in any manner whatever or for the performance of any other function connected with his office."

(b) Section 3844 of the Revised Statutes (39 U. S. C. 43) is hereby amended to read as follows:

"The Postmaster General may require a certification to accompany each account of a postmaster, to the effect that such account contains a true statement of the entire amount of postage, box rents, charges, and moneys collected or received at his office during the accounting period; that he has not knowingly delivered, or permitted to be delivered, any mail matter on which the postage was not at the time paid, that such account exhibits truly and faithfully the entire receipts collected at his office, and, which, by due diligence, could have been collected; and that the credits he claims are just and right."

(c) That part of the act entitled "An act making appropriations for the service of the Post Office Department for the fiscal year ending June 30, 1879, and for other purposes", approved June 17, 1878 (20 Stat. 140), as amended by the act entitled "An act to enable the Postmaster General to withhold commissions on false returns made by postmasters", approved June 18, 1934 (48 Stat. 989; 39 U. S. S. 45), is hereby amended to read as follows:

"In any case where the Postmaster General shall be satisfied that a postmaster has made a false return of business, it shall be within the discretion of the Postmaster General to withhold compensation on such returns and to allow any compensation that under the circumstances he may deem reasonable or proper. The form of certification to be made by postmasters upon their returns shall be such as may be prescribed by the Postmaster General."

FREE POSTAGE FOR MEMBERS OF THE ARMED FORCES

The bill (S. 826) to provide free postage for members of the Armed Forces of the United States, was announced as next in order.

Mr. HENDRICKSON. Mr. President, reserving the right to object, let me say that I introduced a similar bill, and I have made arrangements with the sponsor of this bill to have my name included as a cosponsor. I ask that that be done.

The PRESIDING OFFICER. Without objection, the Senator's name will be added as a cosponsor of the bill.

Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Post Office and Civil Service with an amendment to strike out all after the enacting clause, and insert:

That any first-class letter mail matter admissible to the domestic mails of the United States as ordinary mail matter which is sent by a member of the Armed Forces of the United States (including the U. S. Coast Guard), while on active duty or in the active service of the Armed Forces of the United States, or while confined for treatment in a military or naval hospital, to any person in the United States, including Territories and possessions thereof, shall be transmitted in the mails free of postage, subject to such rules and regulations as the Postmaster General shall prescribe: *Provided*, That first-class letter mail matter not in excess of 1 ounce mailed by members of the Armed Forces, including the United States Coast Guard, while in the active service and while serving outside the United States, including Alaska, addressed to any person in the United States, including the Territories and possessions thereof, shall be transmitted by air mail, dependent upon air space availability therefor.

SEC. 2. The act entitled "An act to provide free postage for members of the Armed Forces of the United States in specified areas", approved July 12, 1950 (64 Stat. 336), is hereby repealed.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

TETSUKO HIDAKA

The bill (H. R. 1431) for the relief of Tetsuko Hidaka was considered, ordered to a third reading, read the third time, and passed.

KIMI HATANO

The bill (H. R. 2785) for the relief of Kimi Hatano was considered, ordered to a third reading, read the third time, and passed.

WILLIAM YINSON LEE

The bill (H. R. 1120) for the relief of William Yinson Lee, was announced as next in order.

Mr. McCARRAN. Mr. President, there is a typographical error in the report on this bill to which I believe the attention of the Senate should be called. In the paragraph headed "Statement of Facts," the report states that the beneficiary of the bill is 54 years old. Actually, the beneficiary of this bill is 66 years of age, as indicated in the Attorney General's report, which is printed in full in the committee report. The matter is not of great consequence, since the age of the beneficiary is not pertinent to the question of approval of this bill; and, in fact, the typographical error did not seem important enough to justify having a star print made of the committee report. However, I did not want to allow the bill to pass without calling the attention of the Senate to the error, and correcting it.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill (H. R. 1120) was considered, ordered to a third reading, read the third time, and passed.

MRS. JOHANNA HAMPTON

The bill (H. R. 888) for the relief of Mrs. Johanna Hampton was considered, ordered to a third reading, read the third time, and passed.

CARLOS SANCHEZ PEREZ

The bill (H. R. 795) for the relief of Carlos Sanchez Perez was announced as next in order.

Mr. SCHOEPPEL. Mr. President, reserving the right to object, I should like to ask the chairman of the Committee on the Judiciary whether the alien son in this case is a resident of the United States at the present time.

Mr. McCARRAN. He is a resident of this country and a citizen.

Mr. President, let me say that the subcommittee checked carefully into the question of the status of the person who would be responsible for this alien's support. That person is the alien's son, who is a permanent member of the teaching staff at Stanford University, at Palo Alto, Calif.

The Immigration and Naturalization Service has advised the subcommittee that the professor—that is, the son of the proposed beneficiary of this bill—is a lawful permanent resident of the United States, having been lawfully admitted to the United States for permanent residence on July 26, 1948, at the port of New York.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause, and insert:

That, for the purposes of the immigration and naturalization laws, Carlos Sanchez Perez shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee and head tax. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

AENNY BLANK

The bill (H. R. 715) for the relief of Aenny Blank was considered, ordered to a third reading, read the third time, and passed.

K. C. BE AND OTHERS

The bill (S. 1105) for the relief of K. C. Be, Swannio Be, Wie Go Be, Wie Hwa Be, Wie Bhing Be, and Swie Tien Be was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, for the purposes of the immigration and naturalization laws, K. C. Be, Swannio Be, Wie Go Be, Wie Hwa Be, Wie Bhing Be, and Swie Tien Be shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fees and head taxes. Upon the granting of permanent residence to each such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct six numbers from the appropriate quota for the first year that such quota is available.

IVAN HERBEN AND OTHERS

The Senate proceeded to consider the bill (S. 930) for the relief of Ivan Herben, his wife, son, and daughter-in-law, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause, and insert:

That, for the purposes of the immigration and naturalization laws, Ivan Herben, his wife, Milena, his son, Milan, and his daughter-in-law, Marta, shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon the payment of the required visa fees and head taxes. Upon the granting of permanent residence to such aliens as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct four numbers from the number of displaced persons who shall be granted the status of permanent residence pursuant to section 4 of the Displaced Persons Act, as amended (62 Stat. 1011; 64 Stat. 219; 50 U. S. C. App. 1953).

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

FRED P. HINES

The bill (S. 827) for the relief of Fred P. Hines was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Administrator of Veterans' Affairs is authorized and directed to pay, out of any money available for the payment of compensation and allowances to veterans, to Fred P. Hines (C-2389074), of Minot, N. Dak., the sum of $778.78, representing the amount necessary to pay private medical and hospital expenses incurred by him incident to an emergency operation when his physical condition was such that he could not be removed to a Veterans' Administration hospital: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

TOSHIKI ISHIGO AND OTHERS

The Senate proceeded to consider the bill (S. 581) for the relief of Toshiki Ishigo and his children, Kiyoko and Chiyiko Ishigo, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause, and insert:

That, notwithstanding the provisions of section 13 (c) of the Immigration Act of 1924, as amended, Kiyoko and Chiyiko Ishigo, the minor children of Harue Louise Ishigo, a United States citizen, may be admitted to the United States for permanent residence if they are otherwise admissible under the provisions of the immigration laws.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Kiyoko and Chiyiko Ishigo."

ELIZABETH JEAN CLARKE

The Senate proceeded to consider the bill (S. 543) for the relief of Elizabeth Jean Clarke which had been reported from the Committee on the Judiciary with an amendment in line 3, after the word "of", to strike out "the immigration and naturalization laws" and insert "sections 4 (a) and 9 of the Immigration Act of 1924, as amended", so as to make the bill read:

Be it enacted, etc., That, for the purposes of sections 4 (a) and 9 of the Immigration Act of 1924, as amended, Elizabeth Jean Clarke shall be considered to be the natural-born alien child of Brig. Gen. and Mrs. Bruce C. Clarke, citizens of the United States.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

DR. LORNA WAN-HSI FENG

The Senate proceeded to consider the bill (S. 526) for the relief of Dr. Lorna Wan-Hsi Feng which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause, and insert:

That, for the purposes of the immigration and naturalization laws, Dr. Lorna Wan-Hsi Feng shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee and head tax. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

WILMA M. STIEHL

The Senate proceeded to consider the bill (S. 520) for the relief of Wilma M. Stiehl which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause, and insert:

That, for the purposes of the immigration and naturalization laws, Wilma M. Stiehl shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon the payment of the required visa fee and head tax. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the number of displaced persons who shall be granted the status of permanent residence pursuant to section 4 of the Displaced Persons Act, as amended (62 Stat. 1011; 64 Stat. 219; 50 U. S. C. App. 1953).

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

WILLEM HOUWINK

The Senate proceeded to consider the bill (S. 501) for the relief of Willem Houwink which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause, and insert:

That, for the purposes of the immigration and naturalization laws, Willem Houwink shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee and head tax. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MICHAIL IOANNOU BOURBAKIS

The bill (S. 295) for the relief of Michail Ioannou Bourbakis was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, for the purposes of the immigration and naturalization laws, Michail Ioannou Bourbakis shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee and head tax. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the

proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

ARNO EDVIN KOLM

The Senate proceeded to consider the bill (S. 289) for the relief of Arno Edvin Kolm, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause, and insert:

That, for the purposes of the immigration and naturalization laws, Arno Edvin Kolm shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee and head tax. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

LEAVE OF ABSENCE

On his own request, and by unanimous consent, Mr. HOLLAND was excused from attendance on the sessions of the Senate from this time through tomorrow.

MARIA ENRIQUEZ

The Senate proceeded to consider the bill (S. 211) for the relief of Maria Enriquez, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause, and insert:

That, for the purposes of the immigration and naturalization laws, Maria Enriquez shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee and head tax. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

SISTER CARMEN TEVA RAMOS

The bill (S. 61) for the relief of Sister Carmen Teva Ramos was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of the immigration and naturalization laws, Sister Carmen Teva Ramos shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee and head tax. Upon the enactment of this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

BILL PASSED OVER

The bill (H. R. 400) to provide for the expeditious naturalization of former citizens of the United States who have lost United States citizenship through voting in a political election or in a plebiscite held in Italy, was announced as next in order.

The PRESIDING OFFICER. Is there objection?

Mr. BYRD. Mr. President, at the request of the Senator from New Mexico [Mr. CHAVEZ], I ask that the bill go over.

The PRESIDING OFFICER. Objection is heard, and the bill will go over.

GRANT OF STATUS OF PERMANENT RESIDENCE TO CERTAIN ALIENS

The Senate proceeded to consider the concurrent resolution (H. Con. Res. 90) favoring the granting of the status of permanent residence to certain aliens which had been reported from the Committee on the Judiciary with an amendment on page 14, after line 17, to insert:

A-7450475, Szasz, Alexander.

The amendment was agreed to.

The concurrent resolution as amended was agreed to.

JOINT RESOLUTION AND BILL PASSED OVER

The joint resolution (S. J. Res. 3) proposing an amendment to the Constitution of the United States relative to equal rights for men and women, was announced as next in order.

The PRESIDING OFFICER. Is there objection?

Mr. McFARLAND. By request, I ask that the joint resolution go over.

The PRESIDING OFFICER. Objection is heard, and the joint resolution will go over.

The bill (H. R. 1590) for the reimbursement of the S. A. Healy Co., was announced as next in order.

The PRESIDING OFFICER. Is there objection?

Mr. SCHOEPPEL. By request, I ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

Z. D. GILMAN CO., INC.

The bill (S. 450) for the relief of the Z. D. Gilman Co., Inc., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury credited to the general fund of the District of Columbia, to the Z. D. Gilman Co., Inc., of 627 Pennsylvania Avenue NW., Washington, D. C., the sum of $2,761.01, in full satisfaction of all claims of the said Z. D. Gilman Co., Inc., against the District of Columbia for the unpaid purchase price of medical supplies furnished to Gallinger Municipal Hospital of the District of Columbia during 1944, 1945, and 1946: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

DOMINIC ARCELLA

The bill (S. 1010) for the relief of Dominic Arcella was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, not withstanding any other provision of law, at any time within 1 year after the date of enactment of this act, Dominic Arcella, who lost his citizenship by virtue of his participation in an Italian election, may be naturalized as a citizen of the United States by taking the naturalization oath of allegiance before any court having jurisdiction of the naturalization of aliens.

MRS. OKUNI KOBAYASHI

The bill (S. 1425) for the relief of Mrs. Okuni Kobayashi was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, in the administration of the immigration laws, the provision of section 13 (c) of the Immigration Act of 1924, as amended (U. S. C., title 8, sec. 213 (c)), which excludes from admission to the United States persons who are ineligible to citizenship, shall not hereafter apply to Mrs. Okuni Kobayashi, a former resident of the United States and the mother of two American citizens. If otherwise admissible under the immigration laws, Mrs. Okuni Kobayashi shall be held and considered to be a returning resident under the provisions of section 4 (b) of the Immigration Act of 1924, as amended.

PAUL D. BANNING

The bill (S. 1438) for the relief of Paul D. Banning, chief disbursing officer, Treasury Department, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That there be hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $2,625.40 of which amount (a) not to exceed the sum of $1,641.41 shall be credited in the accounts of Paul D. Banning, chief disbursing officer, Treasury Department, not to exceed the sum of $207.68 shall be credited in the accounts of E. J. Brennan, former chief disbursing officer, Treasury Department; and not to exceed the sum of $416.31 shall be credited in the accounts of Guy F. Allen, former chief disbursing officer, Treasury Department, such credits being allowed to adjust certain overdrafts in such accounts; and (b) not to exceed the stated sums shall be paid to the following-named employees of the Bureau of Internal Revenue in reimbursement for amounts paid by them from their personal funds on account of counterfeit bills and notes accepted by them while in the discharge of their official duties: J. W. Bell; Florence Brown; Rosamond H. Cross; Charles F. DeLisle; William H. Franz; Edward N. Fuller; Raymond C. Hein; Estelle V. Lasich; Mrs. Mae Mohm; Mrs. Charlotte Parmentier; Carolyn E. Phipps; Arthur T. Schroeder; Joseph F. Schuler; Margaret T. Sennott; Florence Stetter; Lenora Willsey, $10 each; F. H. Bowden, Jr.; Gertrude J. Davis; Mary S. Donovan; Helen Keegan; Arthur J. Loucks; Helen M. Pietzcker; Dorothy Baron Rich; J. L. Schrum, $20 each; and Harriet Ann Duke, $40.

JAMES PATRICK HACKETT AND CHARLES L. STOVER

The bill (H. R. 574) for the relief of the estate of James Patrick Hackett and Charles L. Stover was considered, ordered to a third reading, read the third time, and passed.

MORGAN FOODS CORP.

The bill (H. R. 621) for the relief of the Morgan Foods Corp. was considered,

ordered to a third reading, read the third time, and passed.

JUDITH LEONE BANKS

The bill (H. R. 737) for the relief of Judith Leone Banks was announced as next in order.

The PRESIDING OFFICER. Is there objection?

Mr. HENDRICKSON. Mr. President, may we have an explanation of this bill? It involves a considered sum of money, and I think the RECORD should show what costs are involved.

Mr. McCARRAN. Mr. President, this is a bill to pay $25,000 to the legal guardian of a minor child of a civilian employee of the Army, who was crushed under the wheels of a United States Army bus in Germany.

The negligence of the bus driver is admitted by the Department of the Army, leaving only the question of damages to be set. The child, a girl, suffered, first, a crushed hip that will result in her being a cripple for life; second, permanent external and internal injuries that will prevent normal elimination; third, a combination of internal and external injuries which make it impossible for this girl ever to bear children; and, fourth, a future of repeated hospitalization and operative procedures with continual distress and pain.

Under the circumstances, the committee was in agreement with the House that $25,000 was not an excessive figure.

Mr. HENDRICKSON. I thank the Senator, and I withhold any objection.

The PRESIDING OFFICER. Is there objection?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

GABRIELE GILDO FALVO CITRIGNO

The bill (H. R. 1415) for the relief of Gabriele Gildo Falvo Citrigno was considered, ordered to a third reading, read the third time, and passed.

CHARLES E. MAULDEN

The bill (H. R. 1593) for the relief of Charles E. Maulden was considered, ordered to a third reading, read the third time, and passed.

ELIZABETH SABOW

The bill (H. R. 1676) for the relief of Elizabeth Sabow was considered, ordered to a third reading, read the third time, and passed.

MARIA ROZA TARNOWSKA

The bill (H. R. 1593) for the relief of Maria Roza Tarnowska was considered, ordered to a third reading, read the third time, and passed.

HENRY KOLISH

The bill (H. R. 1910) for the relief of Henry Kolish was considered, ordered to a third reading, read the third time, and passed.

ETHEL MARTHA QUINN

The bill (H. R. 2284) for the relief of Ethel Martha Quinn was considered, ordered to a third reading, read the third time, and passed.

EVELYN REICHARDT

The bill (H. R. 3141) for the relief of Evelyn Reichardt was considered, ordered to a third reading, read the third time, and passed.

TERESA E. DWYER

The Senate proceeded to consider the bill (S. 29) for the relief of Teresa E. Dwyer, which had been reported from the Committee on the Judiciary with an amendment on page 1, line 6, after the words "sum of", to strike out "$15,072" and insert "$6,316.52", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated to Teresa E. Dwyer, of Las Vegas, Nev., the sum of $6,316.52, in full satisfaction of her claim against the United States for compensation for personal injuries, loss of personal property, hospital and medical expenses, and loss of salary, sustained by her as a result of an accident which occurred on December 18, 1946, in Manila, Philippine Islands, while she was an authorized passenger in an Air Force jeep being driven on official business, by an Air Force civilian employee: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

HOWARD LOVELL

The Senate proceeded to consider the bill (S. 1362) for the relief of Howard Lovell, which had been reported from the Committee on the Judiciary with an amendment on page 1, line 6, after the words "sum of", to strike out "$10,000" and insert "$5,000", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Howard Lovell, of Florence, Colo., the sum of $5,000, in full satisfaction of his claim against the United States for compensation for injuries, sustained by him while fighting a forest fire at Camp Carson, Colo., on January 17, 1950, as the result of an accident involving an Army truck, and for which no remedy is afforded him under the provisions of law which authorize suits against the United States based on tort claims: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CLAIM OF MRS. WALTER J. BICKFORD

The Senate proceeded to consider the bill (H. R. 512) conferring jurisdiction upon the United States District Court for the District of Massachusetts to hear, determine, and render judgment upon the claim of Mrs. Walter J. Bickford, which had been reported from the Committee on the Judiciary with an amendment on page 2 line 14, after the word "amended.", to insert "Enactment of this act shall not be construed as an implication of liability on the part of the United States."

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

MRS. SYLVIA LAQUIDARA

The Senate proceeded to consider the bill (H. R. 671) for the relief of Mrs. Sylvia Laquidara which had been reported from the Committee on the Judiciary with an amendment on page 1, line 6, after the words "sum of", to strike out "$1,130.50" and insert "519.50."

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

JOSEPH A. MYERS AND OTHERS

The Senate proceeded to consider the bill (H. R. 953) for the relief of Joseph A. Myers, Hazel C. Myers, and Helen Myers, which had been reported from the Committee on the Judiciary with an amendment on page 1, line 7, after the word "of", to strike out "$2,000" and insert "$1,000."

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

CHESTER A. MACOMBER

The Senate proceeded to consider the bill (H. R. 1692) for the relief of Chester A. Macomber, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause, and insert:

That Chester A. Macomber, of Everett, Mass., is relieved of liability for repayment to the United States of the sum of $130.63, representing salary paid to him for services rendered as a temporary employee of the Post Office Department for the period from December 13, 1943, to January 5, 1944, during which time he was on terminal leave as a civilian employee of the Department of the Navy.

SEC. 2. The Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the said Chester A. Macomber the sum of $130.63, such amount having been withheld from the annuity payable to him under the Civil Service Retirement Act of May 29, 1930, as amended, on account of the dual employment referred to in the first section of this act: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with the claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

SGT. BENJAMIN H. MARTIN

The bill (H. R. 1789) for the relief of Sgt. Benjamin H. Martin was announced as next in order.

The PRESIDING OFFICER. Is there objection?

Mr. HENDRICKSON. Mr. President, may we have an explanation of the bill for the RECORD?

Mr. McCARRAN. Mr. President, this bill will pay to Sgt. Benjamin H. Martin the sum of $10,500 for the death of his wife and minor child. Sergeant Martin's dependents were killed in an airplane crash on White Horse Mountain, about 12 miles east of Digne, France, while they were proceeding by Government transportation to join Sergeant Martin in Italy. The report of the Air Force indicates that the cause of the accident was the failure of responsible military authorities to provide the pilot with information to the effect that the Pisa radio range had been unreliable for some time and was inoperative on January 27, 1948, the date of the accident. They also failed to furnish the pilot with a correct report as to the velocity and direction of the winds he would encounter.

A bill was approved by the Eighty-first Congress for Gifford E. Moak, which afterwards became a private law, for the loss of his dependents in the same accident.

The present bill has been amended in amount so as to reflect the same amounts to be paid to Sergeant Martin as was authorized to be paid to Mr. Moak.

In view of the foregoing facts, the committee recommended that the bill be considered favorably.

Mr. HENDRICKSON. I thank the Senator, and I withhold objection.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill H. R. 1789, which had been reported from the Committee on the Judiciary with an amendment on page 1, line 6, after the words "sum of", to strike out "$15,000" and insert "$10,500."

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

BILL PASSED OVER

The bill (H. R. 2119) to amend sections 544 and 546 of title 28, United States Code, was announced as next in order.

The PRESIDING OFFICER. Is there objection?

Mr. SCHOEPPEL. By request, I ask that the bill go over.

Mr. McCARRAN. Mr. President, will the Senator withhold his objection to enable me to ask him a question?

Mr. SCHOEPPEL. I should be glad to withhold it temporarily.

Mr. McCARRAN. Does the Senator care to state for whom he is making the objection?

Mr. SCHOEPPEL. I am making the objection on behalf of the Senator from Idaho [Mr. WELKER].

The PRESIDING OFFICER. Objection is heard, and the bill will go over.

TREATMENT OF POWERS OF APPOINTMENT FOR ESTATE AND GIFT-TAX PURPOSES—BILL PLACED AT FOOT OF CALENDAR

The bill (H. R. 2084) relating to the treatment of powers of appointment for estate and gift-tax purposes was announced as next in order.

The PRESIDING OFFICER. Is there objection?

Mr. JOHNSON of Colorado. Mr. President, on behalf of the Senator from Minnesota [Mr. HUMPHREY], I ask that the bill go over. Personally, I favor passage of the bill, but the Senator from Minnesota has offered an objection.

Mr. GEORGE. Mr. President, following the call of the calendar, I shall move to proceed to the consideration of this bill, because it deals with a very important matter, namely, the extension of the lapse of a power of appointment. The present act has been extended annually since 1942, and the act, under the last extension, will expire June 30. Therefore there must be action, and, immediately after the call of the calendar is concluded, I shall request the privilege of moving that the Senate proceed to the consideration of this bill.

The PRESIDING OFFICER. Does the Senator ask that the bill go to the foot of the calendar?

Mr. GEORGE. I ask that it go to the foot of the calendar.

The PRESIDING OFFICER. The bill will go to the foot of the calendar, and will be acted upon at that time.

MOTOR CARRIER CLAIMS COMMISSION

The bill (S. 1042) to amend the act creating the Motor Carrier Claims Commission (Public Law 880, 80th Cong.) was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act, approved July 2, 1948, creating the Motor Carrier Claims Commission (Public Law 880, 80th Cong.), is amended by striking out from said act section 13 in its entirety and by inserting in lieu thereof a new section 13 to read as follows:

"SEC. 13. The existence of the Commission shall terminate on June 30, 1953, or at such earlier time as the Commission shall have made its final report to Congress on all claims filed with it. Upon its dissolution the records of the Commission shall be delivered to the Archivist of the United States."

EXTENSION OF STATUTE OF LIMITATIONS IN CITIZENSHIP CASES

The bill (H. R. 2396) to amend chapter 213 of title 18 of the United States Code was considered, ordered to a third reading, read the third time, and passed.

CONDITIONAL RELEASE OF FEDERAL PRISONERS

The bill (H. R. 2924) to amend section 4164 of title 18, United States Code, relating to conditional release of Federal prisoners was considered, ordered to a third reading, read the third time, and passed.

AMENDMENT OF BANKHEAD-JONES FARM TENANT ACT—BILL PASSED OVER

The bill (S. 684) to amend the Bankhead-Jones Farm Tenant Act so as to provide a more effective distribution of mortgage loans insured under title I, to give holders of such mortgage loans preference in the refinancing of loans on a noninsured basis, to adjust the loan limitations governing title II loans so as to provide more effective assistance to production and subsistence loan borrowers, and for other purposes, was announced as next in order.

Mr. HENDRICKSON. Mr. President, I think this bill requires an explanation, and I should appreciate one from the Senator who reported the bill.

The PRESIDING OFFICER. The Senator who reported the bill does not seem to be present.

Mr. HENDRICKSON. Then, Mr. President, under the circumstances, I ask that the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

NOTICES OF MEETINGS, CREDITORS IN BANKRUPTCY CASES

The bill (H. R. 1746) to amend subdivisions (d) and (e) of section 58 of the Bankruptcy Act, approved July 1, 1898, and acts amendatory thereof and supplementary thereto, was announced as next in order.

Mr. SCHOEPPEL. Mr. President, may we have an explanation of the bill.

The PRESIDING OFFICER. The Senator from West Virginia [Mr. KILGORE] reported the bill, but he does not appear to be present.

Mr. McCARRAN. Mr. President, this bill proposes to amend subdivisions (d) and (e) of section 58 of the Bankruptcy Act. Section 58 (a) provides that creditors be given 10 days' notice by mail of all meetings. Section 58 (d) presently requires that the notice of first meeting of creditors be published in newspapers. This bill will make such publication of notices discretionary with the court. This amendment is recommended by the Judicial Conference and it is estimated by the administrative office of the United States courts that $50,000 of Federal funds would be saved.

Amendment of section 58 (e) simply provides that the General Accounting Office and the head of any department, agency or instrumentality of the Federal Government disclosed to be a creditor by such proceeding in addition to the Collector of Internal Revenue concerned be notified of first meeting of creditors. This amendment is recommended by the General Accounting Office and the Department of Justice.

Mr. SCHOEPPEL. I have no objection.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

SUSPENSION OF DEPORTATION OF CERTAIN ALIENS

The concurrent resolution (S. Con. Res. 34) favoring the suspension of deportation of certain aliens was considered and agreed to.

(For text of above concurrent resolution, see CONGRESSIONAL RECORD, June 11, 1951, pp. 6332–6334.)

WONG THEW HOR

The bill (S. 885) for the relief of Wong Thew Hor was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, in the administration of the immigration and naturalization laws, the provisions of section 4 (a) and 9 of the Immigration Act of 1924, as amended, pertaining to unmarried children under 21 years of age of a citizen of the United States, shall be held to be applicable to Wong Thew Hor, minor child of Wong Chung Gong, a citizen of the United States.

LEFRANCOIS & CHAMBERLAND, INC.

The bill (S. 1417) for the relief of Lefrancois & Chamberland, Inc., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Lefrancois & Chamberland, Inc., of Rutland, Vt., the sum of $47.98, in full satisfaction of its claim against the United States for compensation for damages to such corporation's automobile which resulted from being struck by a Government truck on March 24, 1948, in Rutland, Vt., while such truck was being operated by an employee of the Department of Agriculture: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

MARIE LOUISE DEWULF MAQUET

The bill (S. 1442) for the relief of Marie Louise Dewulf Maquet was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Mrs. Marie Louise Dewulf Maquet, 202 Avenue Charles Woeste, Jette (Province of Brabant), Belgium, the sum of $10,000, in full settlement of all claims against the United States for the death of her husband, Capt. Abel Maquet, of the Belgian Air Force, as a result of his having been struck by a United States Army truck on January 31, 1946, in Newmarket, England: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

REV. THOMAS K. SEWALL

The bill (S. 1443) for the relief of Rev. Thomas K. Sewall was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That Rev. Thomas K. Sewall, of Detroit Lakes, Minn., is relieved from liability for repayment to the United States of the sum of $379.76, representing the salary paid him as an employee of the Census Bureau for 31 days during the taking of the 1950 population census while he was receiving retired pay as a commissioned officer in the Armed Forces.

SEC. 2. The Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the said Rev. Thomas K. Sewall, the sum of $89.40, in full satisfaction of his claim against the United States for (1) 20 hours of annual leave accrued while working as an employee of the Census Bureau during the taking of the 1950 population census, amounting to $29.80, and (2) salary which he would have received as an employee of the Census Bureau from April 17 to April 21, 1950, had he not been receiving retired pay as a commissioned officer in the Armed Forces, amounting to $59.60.

GERHARD H. A. ANTON BEBR

The Senate proceeded to consider the bill (S. 530) for the relief of Gerhard H. A. Anton Bebr which had been reported from the Committee on the Judiciary with an amendment on page 1, line 11, after the word "the", where it occurs the first time, to strike out "appropriate quota for the first year that such quota is available" and insert "number of displaced persons who shall be granted the status of permanent residence pursuant to section 4 of the Displaced Persons Act, as amended (62 Stat. 1011; 64 Stat. 219; 50 U. S. C. App. 1953)", so as to make the bill read:

Be it enacted, etc., That for the purposes of the immigration and naturalization laws, Gerhard H. A. Anton Bebr shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee and head tax. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota officer to deduct one number from the number of displaced persons who shall be granted the status of permanent residence pursuant to section 4 of the Displaced Persons Act, as amended (62 Stat. 1011; 64 Stat. 219; 50 U. S. C. App. 1953).

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

JEAN MARIE NEWELL

The Senate proceeded to consider the bill (S. 580) for the relief of Jean Marie Newell which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause, and insert:

That, for the purposes of the immigration and naturalization laws, Jean Marie Newell shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee and head tax. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ARTHUR KOESTLER

The Senate proceeded to consider the bill (S. 674) for the relief of Arthur Koestler which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause, and insert:

That, for the purposes of the immigration and naturalization laws, Arthur Koestler shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee and head tax. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ELLA MARIA NYMAN

The Senate proceeded to consider the bill (S. 1009) for the relief of Ella Maria Nyman which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause, and insert:

That, for the purposes of the immigration and naturalization laws, Ella Maria Nyman shall be held and considered to have been lawfully admitted to the United States for permanent residence, as of the date of the enactment of this act, upon payment of the required visa fee and head tax. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

SALOMON HENRI LAIFER

The Senate proceeded to consider the bill (S. 1242) for the relief of Salomon Henri Laifer, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause, and insert:

That, for the purposes of the immigration and naturalization laws, Salomon Henri Laifer shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee and head tax. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

GENERAL RULES OF PRACTICE AND PROCEDURE BEFORE FEDERAL AGENCIES

The bill (S. 17) to provide general rules of practice and procedure before Federal agencies, was announced as next in order.

Mr. SCHOEPPEL. Mr. President, may we have a brief explanation of the bill?

Mr. McCARRAN. Mr. President, this bill would provide for an Administrative Rules Commission. The purpose of the Commission would be to formulate and transmit to the Attorney General for report to Congress general rules of practice and procedure for agencies. The Administrative Rules Commission will consist of Member of Congress, an assistant attorney general, a head of an independent agency, the chief judge of the judicial circuits, the dean of a law school, and a practicing lawyer.

The bill further provides that the rules of practice and procedure formulated shall be presented to the Congress within 30 days of the beginning of the session and they shall not become effective until adjournment sine die of that particular session. During the session, the Congress may disapprove the rules of practice and procedure presented. This is the same procedure that is found in the submission of the reorganization plans proposed by the executive on rules of judicial procedure proposed by the judiciary.

Rules of civil procedure for all of the Federal trial courts are provided for by the Rules Act of 1934, and in 1938 a similar project was proposed for the field of criminal law. Practice before the agencies is the only field that is left not governed by rules of practice and procedure, and the committee believes that the establishing of the proposed Commission and the beneficial results that will flow therefrom, are to be as much desired as the beneficial results have been from the Rules Act of 1934, and the act of 1938.

Mr. SCHOEPPEL. I have no objection.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 17) to provide general rules of practice and procedure before Federal agencies, which had been reported from the Committee on the Judiciary with amendments on page 3, line 14, after the word "to", to strike out "28" and insert "title 18", and on page 4, line 9, after the word "sums", to insert "not to exceed in the aggregate $25,000," so as to make the bill read:

Be it enacted, etc., That the definitions in the Administrative Procedure Act shall be applicable to the same terms used in this act.

SEC. 2. Rules of practice and procedure for agencies: The Commission established by section 3 of this act shall formulate, and transmit to the Attorney General for report to Congress, general rules of practice and procedure for agencies, including forms and such rules as it may deem appropriate in agencies respecting judicial proceedings for the enforcement or review of agency action. Such rules shall neither abridge, enlarge, nor modify substantive powers or limitations respecting any agency nor may they provide or withdraw authority to hold hearings or to issue compulsory process. Unless previously disapproved by concurrent resolution of Congress the rules so formulated shall take effect ten days after the adjournment sine die of any regular session of Congress at which, within thirty days of the beginning of such session, they shall have been reported to Congress by the Attorney General. After rules so become effective all laws and agency rules or practices in conflict therewith shall, to the extent of such conflict, be of no further force or effect except in the case of an agency proceeding initiated prior to such effective date. Additions, repeals, or amendments shall be formulated and shall become effective in the same manner. So far as any administrative function is exempt from such general rules by statutory definition or by a provision of the rules, they shall nevertheless be treated as models for adoption to the extent that the policy of this act and the ends of justice would be served.

SEC. 3. Administrative Rules Commission: For the purposes of section 2 of this act there is hereby established a Commission composed of (1) the chairmen and ranking minority members of the Committees on the Judiciary of the Senate and of the House of Representatives or, in case one or more of them declines to serve, the next ranking member of the committee on the majority or minority side, as the case may be, until four shall accept: (2) one of the Assistant Attorneys General who has served as such not less than two years, designated by the Attorney General; (3) the head of an independent agency who has served more than one term of office as such, designated by the President; (4) the senior chief judge of the judicial circuits or, in case he declines to serve, the next in seniority until one agrees to serve; (5) a dean of a law school, designated by the President; and (6) a practicing lawyer versed in Federal administrative law and representative of the legal profession, designated by the President, who shall not be subject to title 18, United States Code, section 283, or any similar prohibition. Members of the Commission shall receive no compensation other than reimbursement for travel, subsistence, and other necessary expenses incurred by them in the performance of their duties as members of the Commission except that members not drawing compensation from the United States for personal services shall be paid $50 per diem in lieu of subsistence. The Commission shall elect a chairman and secretary from among their number and, without regard to the civil-service laws or the Classification Act, shall appoint and fix the compensation of, such professional and clerical assistants as may be necessary for the performance of its duties. The Commission shall also provide for, and collaborate with, voluntary and uncompensated advisory committees representative of Government agencies and private or professional interests. The Attorney General shall be responsible for the Commission's quarters, facilities, and budget. There is hereby authorized to be appropriated, out of any funds in the Treasury not otherwise appropriated, such sums, not to exceed in the aggregate $25,000, as may be necessary for the purposes of this act.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

TESTIMONY OF EMPLOYEES OR MEMBERS OF THE ARMED FORCES IN CONGRESSIONAL INVESTIGATIONS

The bill (S. 1390) to amend secs. 1505 and 3486 of title 18 of the United States Code relating to congressional investigations, was announced as next in order.

Mr. SCHOEPPEL. Mr. President, I wonder if the distinguished Senator from Nevada would give us an explanation of the bill.

Mr. McCARRAN. Mr. President, the purpose of this bill is to prevent reprisals against Government employees or members of the Armed Forces because of their testimony before committees of the Congress.

The bill provides specifically that no such witness shall be demoted, dismissed, retired, or otherwise disciplined on account of testimony given or official papers or records produced by request of either House of Congress or any committee thereof, or any joint committee of the Congress, unless such testimony is given or such official papers or records are produced in violation of law, or unless such testimony or the production of such papers or records discloses misfeasance, malfeasance, dereliction of duty, or reprehensible conduct on the part of the witness.

The bill would make it a penal offense, subject to a fine of not more than $5,000 or imprisonment up to 5 years, or both, for any officer of the United States or any department or agency thereof to cause a subordinate to be demoted, dismissed, retired, or otherwise disciplined on account of his attending or having attended, by request of either House of Congress or a committee thereof, any inquiry or investigation being had by either House or any committee thereof, or any joint committee of Congress; or on account of the witness testifying or having testified before a congressional committee.

The bill further provides that the demotion, dismissal, or retirement, other than voluntary retirement or retirement for physical disability, of a Government employee or member of the Armed Forces who has been such a witness, within 1 year after the witness testified or attended the inquiry or investigation, raise a rebuttable presumption that the demotion, dismissal, or retirement was a reprisal because of such attendance or testimony.

In order to make it perfectly clear that there is no possibility for any Government employee to secure temporary immunity from discipline by "crashing" a congressional hearing, the bill specifically uses the words "by request of either House or committee thereof," so that only witnesses properly called will gain the benefit of the protection of this proposed law.

As the report of the Judiciary Committee points out, it is essential to the political health, well-being, and security of our Nation that every witness before a committee of Congress have every opportunity to testify without mental reservation, and to enjoy complete freedom from reprisal. If this bill becomes law, any member of the Armed Forces or other officer or employee of the Government will know that he can come before a committee of the Congress, when called, and speak the truth, the whole truth, and nothing but the truth, without fear that he will suffer because his testimony might offend someone higher than himself in the Government hierarchy.

Mr. HENDRICKSON. I thank the Senator. Clearly this bill is in aid of a legislative objective and purpose, and I think it is very fine legislation.

Mr. CASE. Mr. President, the bill, particularly the latter part of it, which inserts the letter "(a)" after section 3486 and inserts a new section—the one which the able Senator from Nevada, the chairman of the Committee on the Judiciary, has cited—deals with the subject of

testimony before Congress, and immunity. The amendment which is proposed by the bill, which extends special protection to the members of the Armed Forces and employees of the United States in testifying before congressional committees, is one side of the shield. However, the paragraph which constitutes the section which is being amended, and which becomes paragraph "(a)" by the first part of the amendment, reads as follows:

(a) No testimony given by a witness before either House, or before any committee of either House, or before any joint committee established by a joint or concurrent resolution of the two Houses of Congress, shall be used as evidence in any criminal proceeding against him in any court, except in a prosecution for perjury committed in giving such testimony. But an official paper or record produced by him is not within the said privilege.

That is the paragraph and that is the law on which the committees of Congress have relied for help in getting testimony from reluctant witnesses. I refer particularly to the problem of such committees as the House Committee on Un-American Activities, of which I was a member for a time, and the problems which the able Senator's own committee confronts when it seeks to get testimony from reluctant witnesses, particularly those who are suspected of communistic affiliations.

Since the courts have upheld the Smith Act, it is becoming increasingly difficult for the committees which seek to get information about people with communistic affiliations to obtain any testimony from them whatever, for they plead the possibility of self-incrimination. This particular section has been cited by members of the committees to these witnesses in pointing out that they enjoy immunity, but nevertheless, in view of the possibility of conviction under the Smith Act for conspiracy, these witnesses, or witnesses who are in that field, hesitate to testify.

I am not prepared to say at this time that I know what the remedy is, but I have wondered if the remedy might not be to make a further amendment to what will now become paragraph (a) of section 3486 of title 18 which would embrace some such language as this:

Under the immunity provided herein, it shall not be a sufficient defense against charges of contempt for a witness who refuses to testify when asked questions by a committee of the Congress, to plead the constitutional protection against self-incrimination.

Mr. McCARRAN. Mr. President, I may say to the Senator from South Dakota that the whole matter on which he is now dwelling is before the Judiciary Committee, and all phases of it have been turned over in the consideration and study that is being made by the committee. The language which the Senator offers now has been considered. We have come to the conclusion that that language will not accomplish what we want done. But eventually we will work out a bill which will meet the very problem the Senator from South Dakota presents. We are working on that problem now. It is a matter that requires continued and very careful study.

Mr. CASE. Mr. President, I am certainly pleased to have that statement by the distinguished chairman of the Committee on the Judiciary. The problem is a very difficult one. That is why I did not propose at this time to pretend to offer language in a formal amendment. We are dealing with a very tender subject, the question of civil liberties, and it may be a hardship remedy that is proposed. The subject is one which must be dealt with if committees are not to be flouted by reluctant witnesses.

Mr. McCARRAN. As early as last January the Committee on the Judiciary of the Senate started the study of the subject. The subject matter has been under careful study. Eventually—we hope within the very near future in this Congress—we propose to bring in a bill embodying a statute which will be a solution of the problem.

Mr. CASE. Mr. President, I thank the Senator from Nevada. I withdraw my reservation.

Mr. McFARLAND. Mr. President, the discussion has convinced me that the bill is too important a measure to pass on the Consent Calendar. I feel I should want an opportunity to study it further. Therefore, I ask that it go over.

The PRESIDING OFFICER. The bill will be passed over.

The clerk will state the next bill on the calendar.

RELIEF OF THE STATE OF MARYLAND

The bill (H. R. 389) for the relief of the State of Maryland was considered, ordered to a third reading, read the third time, and passed.

TOMAS J. ZAFIRIADIS

The bill (H. R. 616) for the relief of Tomas J. Zafiriadis was considered, ordered to a third reading, read the third time, and passed.

JOHN REGINALD LEAT

The bill (H. R. 740) for the relief of John Reginald Leat was considered, ordered to a third reading, read the third time, and passed.

DR. JIRI LISKA

The bill (H. R. 1268) for the relief of Dr. Jiri Liska was considered, ordered to a third reading, read the third time, and passed.

JOE TORTOLINI

The bill (H. R. 1791) for the relief of Joe Tortolini was considered, ordered to a third reading, read the third time, and passed.

BELLA AND ARCHIE KENNISON

The bill (H. R. 1799) for the relief of Bella and Archie Kennison was considered, ordered to a third reading, read the third time, and passed.

CAPT. WILLIAM GREENWOOD

The bill (H. R. 1844) for the relief of Capt. William Greenwood was considered, ordered to a third reading, read the third time, and passed.

EDWARD M. CHAPMAN, ROLAND P. DAVIS, AND THE FIDELITY & CASUALTY CO., OF NEW YORK

The bill (H. R. 2107) for the relief of Edward M. Chapman, Roland P. Davis, and the Fidelity & Casualty Co., of New York, was considered, ordered to a third reading, read the third time, and passed.

MR. AND MRS. EMIL SBARBORI, EDNA PERFETTI, AND ANTHONY PERFETTI

The bill (H. R. 2363) for the relief of Mr. and Mrs. Emil Sbarbori, Edna Perfetti, and Anthony Perfetti was considered, ordered to a third reading, read the third time, and passed.

MICHAEL POST-POSNIAKOFF AND ZINAIDA POST-POSNIAKOFF

The bill (H. R. 2372) for the relief of Michael Post-Posniakoff and Zinaida Post-Posniakoff was considered, ordered to a third reading, read the third time, and passed.

JOHN R. HARRIS

The bill (H. R. 2453) for the relief of John R. Harris was considered, ordered to a third reading, read the third time, and passed.

QUON MEE GEE, ALSO KNOWN AS LOUI SIU LIN

The bill (H. R. 2852) for the relief of Quon Mee Gee, also known as Loui Siu Lin, was considered, ordered to a third reading, read the third time, and passed.

CHIN YUEN LING

The bill (H. R. 3133) for the relief of Chin Yuen Ling, minor unmarried Chinese child of a United States citizen, was considered, ordered to a third reading, read the third time, and passed.

SIDNEY YOUNG HUGHES

The Senate proceeded to consider the bill (H. R. 1103) for the relief of Sidney Young Hughes, which had been reported from the Committee on the Judiciary with an amendment to strike out all after the enacting clause, and insert:

That, notwithstanding the provisions of the eleventh category of section 3 of the Immigration Act of 1917, as amended, or the provisions of the act of March 4, 1929, relating to entry after deportation, Sidney Young Hughes may be admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of the immigration laws.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

MRS. ALBERT W. LACK

The Senate proceeded to consider the bill (H. R. 3229) for the relief of Mrs. Albert W. Lack which had been reported from the Committee on the Judiciary with an amendment on page 2, line 9, after the word "make", to strike out "an award for payment of compensation to Mrs. Albert W. Lack, as widow of Albert W. Lack, provided for in such act of September 7, 1916, as amended: *Provided*, That no benefits shall accrue prior to the enactment of this act" and insert "such award, pursuant to said act of September 7, 1916, to Mrs. Albert W. Lack, widow of Albert W. Lack, as on the basis of such findings shall appear equitable."

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

ISSUANCE OF VISAS TO DISPLACED PERSONS

The bill (H. R. 3576) to amend the Displaced Persons Act of 1948, as amended, was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. HENDRICKSON. Mr. President, may be have an explanation of this measure, please?

Mr. McCARRAN. Mr. President, this bill would extend the operative effect of certain provisions of the Displaced Persons Act of 1948, as amended, for an additional 6 months, and would extend one provision of the act relating to certain orphans for a period of 1 year, but would require that no immigration visas shall be issued to certain eligible displaced persons unless the Displaced Persons Commission initiated the selection or processing of such persons on or before July 31, 1951.

The bill, as amended, does not increase the numbers or classes eligible for admission into the United States, nor does it extend the term of office of the Displaced Persons Commission.

Under the Displaced Persons Act of 1948, as amended on June 16, 1950, 341,000 visas are authorized to be issued beginning July 1, 1948, and ending on June 30, 1951. It is estimated that on the terminal date of the act, June 30, 1951, 285,711 visas will have been issued, leaving a balance of 55,289. The terminal date of the period during which the 341,000 visas are authorized to be issued, is extended for 6 months in order to complete the processing of cases already in the pipeline. It is contemplated that virtually all of the visas which have been authorized will have been issued by the terminal date, December 31, 1951.

The terminal date of the period during which 5,000 nonquota visas are authorized to be issued to eligible displaced orphans is extended from June 30, 1951, to June 30, 1952. This terminal date will thus coincide with the terminal date for the issuance of visas under existing law to certain war orphans.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary, with an amendment, on page 1, after line 40, to strike out:

SEC. 3. (a) During the three and one-half fiscal years beginning July 1, 1948, and ending December 31, 1951, eligible displaced persons and eligible displaced orphans and persons defined in subdivisions (2), (3), and (4) of subsection (b) of this section seeking to enter the United States as immigrants may be issued immigration visas without regard to quota limitations for those years as provided by subsection (c) of this section: *Provided*, That not more than 341,000 such visas shall be issued under this act, as amended, including such visas heretofore issued under the Displaced Persons Act of 1948: *Provided further*, That no such immigration visa shall be issued to eligible displaced persons or eligible displaced orphans unless the Commission initiated the selection or processing of such person on or before July 31, 1951; and it shall be the duty of the Secretary of State to procure the cooperation of other nations, particularly the members of the Internatitonal Refugee Organization, in the solution of the displaced-persons problem by their accepting for resettlement a relative number of displaced persons, and to expedite the closing of the camps and terminate the emergency.

And in lieu thereof, to insert:

SEC. 3 (a) I. During the three and one-half fiscal years beginning July 1, 1948, and ending December 31, 1951, eligible displaced persons and persons defined in subdivisions (2), (3) and (4) of subsection (b) of this section seeking to enter the United States as immigrants, and

II. During the four fiscal years beginning July 1, 1948, and ending June 30, 1952, eligible displaced orphans seeking to enter the United States as immigrants, may be issued immigration visas without regard to quota limitations for those years as provided by subsection (c) of this section: *Provided*, That not more than 341,000 such visas shall be issued under this act, as amended, including such visas heretofore issued under the Displaced Persons Act of 1948: *Provided further*, That no such immigration visa shall be issued to eligible displaced persons unless the Commission initiated the selection or processing of such persons on or before July 31, 1951; and it shall be the duty of the Secretary of State to procure the cooperation of other nations, particularly the members of the International Refugee Organization, in the solution of the displaced-persons problem by their accepting for resettlement a relative number of displaced persons, and to expedite the closing of the camps and terminate the emergency.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. DOUGLAS. Mr. President, I ask unanimous consent to have printed in the RECORD at this point a statement by the distinguished junior Senator from New York [Mr. LEHMAN] in support of the bill to amend the Displaced Persons Act of 1948, which was just passed.

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

STATEMENT BY SENATOR LEHMAN

I rise to express my full support for the pending legislation to extend the date for the admission into this country of displaced persons.

I do not wholly subscribe to that provision of the bill originally presented as an amendment in the House to restrict those coming in under the terms of this bill to persons who will have applied for admission by July 31. I can see where this might work individual injustices and I would have preferred to have seen this provision omitted.

Nevertheless I understand from information made available to me by members of the Displaced Persons Commission that this will not work a serious hardship, nor will it defeat the purpose of this legislation. There are at the present time almost 60,000 cases in the Displaced Persons Commission pipeline—cases for which assurances have been received and on which processing has been started.

It is expected that by June 30 the quota of persons authorized to be admitted under the basic displaced persons law will lack about 38,000 of being utilized. In other words, 38,000 displaced persons who would otherwise be eligible to enter the United States will not have an opportunity to enter because of the cut-off date in the present law.

The situation came about not through the fault of the Displaced Persons Commission, and certainly not through the fault of he displaced persons themselves. Conditions beyond their control, such as the essential diversion of shipping to the military effort in Korea and the build-up in Europe, the new restrictions on admission into the United States established under the terms of the Internal Security Act, and other factors slowed down sailings and processing to such an extent that the full number authorized was not used despite the fact that many of those displaced persons have been waiting for many, many months for the processing to be completed and for requisite ships in which to sail.

It was clearly the intent of Congress to admit the full number authorized. Legislative history makes this very clear. There are more than the unused number of displaced persons hoping and praying and waiting to enter the United States, to find home and haven from the terror and the privations which they have suffered for many years. The great heart of America will not allow this to happen.

I am sure we are going to enact the proposed legislation as reported out by the Senate Judiciary Committee. It has already been approved by the House.

I would like at this point to express my satisfaction and gratitude for the consideration given this matter by the Judiciary Committee and the leadership shown by the distinguished chairman of that committee in this matter. I think his support of this measure and sponsorship of its passage by the Senate deserves the thanks of all of us who are interested in this vital subject and who wish America to be regarded in the hearts and minds of men everywhere as the haven of the oppressed and the homeland of those who search for freedom.

AMENDMENT OF THE BANKHEAD-JONES FARM TENANT ACT

Mr. MAGNUSON. Mr. President, I ask unanimous consent to return to Calendar No. 364, Senate bill 684, a bill to amend the Bankhead-Jones Farm Tenant Act. I have discussed the bill briefly with the Senator from New Jersey [Mr. HENDRICKSON] and the Senator from Kansas [Mr. SCHOEPPEL]. They desired an explanation of the bill. I have asked the chairman of the subcommittee, the distinguished Senator from New Mexico [Mr. ANDERSON], who understands the technicalities of the bill, to make the explanation.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Washington?

There being no objection, the Senate proceeded to consider the bill (S. 684) to amend the Bankhead-Jones Farm Tenant Act so as to provide a more effective distribution of mortgage loans insured under title I, to give holders of such mortgage loans preference in the refinancing of loans on a noninsured basis, to adjust the loan limitations governing title II loans so as to provide more effective assistance to production and subsistence loan borrowers, and for other purposes, which had been reported from the Committee on Agriculture and Forestry with amendments, on page 1, after line 5, to strike out:

Amend section 4 by striking out the period at the end of said section and adding the

following words: "and for the purpose of insuring mortgages there may be allotted in any fiscal year among the State and Territories, without regard to farm population or the prevalence of tenancy, such portions of the authorization provided in section 12 (b) not exceeding in the aggregate $50,000,000 as are determined by the Secretary to be necessary to insure mortgages in the States and Territories under this title."

And in lieu thereof to insert:

Amend section 4 by striking out the words "and insuring mortgages" and "insure mortgages or" where they occur in said section and amend the last sentence of section 12 (b) to read as follows:

"With respect to any fiscal year, one-quarter of the amount available for insurance, commitments, and acceptance of mortgages under this title shall be distributed among the several States and Territories on the basis of bona fide applications and the availability of farms with respect to which loans may be insured and the balance shall be distributed on the basis provided in section 4, and preferences shall be given to mortgages executed by veterans qualified under section 1."

On page 2, after line 19, to strike out:

SEC. 2. Amend section 12 (b) by striking from the first sentence the figures "$100,000,000" and substituting in lieu thereof the figures "$200,000,000."

In line 23, to change the section number from "3" to "2"; on page 4, line 1, to change the section number from "4" to "3"; in line 7, after the word "enable", to strike out "the borrower to obtain a loan on a noninsured basis from the holder of the insured mortgage" and insert "the holder of the insured mortgage to refinance the loan on an uninsured basis under laws or regulations to which he may be subject"; and in line 12, to change the section number from "5" to "4", so as to make the bill read:

Be it enacted, etc., That the following sections of the Bankhead-Jones Farm Tenant Act, as amended (60 Stat. 1062), are hereby amended as follows:

Amend section 4 by striking out the words "and insuring mortgages" and "insure mortgages or" where they occur in said section and amend the last sentence of section 12 (b) to read as follows:

"With respect to any fiscal year, one-quarter of the amount available for insurance, commitments and acceptance of mortgages under this title shall be distributed among the several States and Territories on the basis of bona fide applications and the availability of farms with respect to which loans may be insured and the balance shall be distributed on the basis provided in section 4, and preferences shall be given to mortgages executed by veterans qualified under section 1."

SEC. 2. Amend section 21 to read:

"SEC. 21. (a) The Secretary may make loans to farmers and stockmen who are citizens of the United States for the purchase of livestock, seed, feed, fertilizer, farm equipment, supplies, and other farm needs, the cost of reorganizing the farming enterprise or changing farming practices to accomplish more diversified or more profitable farming operations, the refinancing of existing indebtedness, and for family subsistence.

"(b) No loan shall be made under this section for the purchase or leasing of land or for the carrying on of any land-purchase or land-leasing program. No initial loan to any one borrower under this section shall exceed $7,000 and no further loan may be made under this section to a borrower so long as the total amount outstanding, including accrued interest, taxes, and other obligations properly chargeable to the account of the borrower, exceeds $10,000.

"(c) The terms of loans under this section, including any renewal or extension of any such loan, shall not exceed seven years from the date the original loan was made.

"(d) No person who has failed to liquidate his indebtedness under this section for seven consecutive years shall be eligible for loans hereunder until he has paid such indebtedness in full, except that the indebtedness on loans made prior to November 1, 1946, which are being serviced and collected by the Farmers Home Administration, shall not be subject to the limitations of this section until November 1, 1953."

SEC. 3. Amend section 44 (c) by changing the period at the end of said section to a colon and adding the following proviso: "*Provided, however*, That in the case of mortgage loans heretofore or hereafter insured under this title, the Secretary may at his discretion delay his request for refinancing until the borrower has acquired a sufficient equity in the farm to enable the holder of the insured mortgage to refinance the loan on any uninsured basis under laws or regulations to which he may be subject."

SEC. 4. Amend section 48 by adding at the end of said section the following sentence: "The foregoing requirements shall not preclude establishing the initial annual payment at a date not exceeding two full crop years from the date of the loan where the Secretary determines that farm income sufficient to make the initial payment cannot be readily anticipated at an earlier date, but this provision shall not have the effect of extending the maximum term of any loan."

Mr. ANDERSON. Mr. President, in connection with this bill I wish to say that a subcommittee of the Committee on Agriculture and Forestry considered it, and all members of the subcommittee were satisfied with the revised version.

I will say to the Senator from Kansas that there was a provision in the original bill which would have permitted an additional $100,000,000 to have been made available for Bankhead-Jones loans. On examination of the representatives of the Department of Agriculture and the Farm Credit Administration it developed that only $30,000,000 had ever been loaned under those provisions. Therefore, so long as $100,000,000 was already authorized, it seemed absolutely ridiculous to authorize $200,000,000.

The difficulty is that loans must be made to the respective States in proportion to the amount of farm tenancy they have. The result is that a relatively large amount of money is made available to States where there is a high degree of farm tenancy, but in certain sections of the country—and in particular the question arose in the State of Oregon—where there is a very small degree of farm tenancy but a rather lively demand for this type of loan, the money was quickly used up. Therefore this measure would permit the Department to prescribe certain amounts of money, up to one-fourth of the capital, which must be allotted on the basis of farm tenancy, but would leave the Department free to allocate the remainder of the Bankhead-Jones loans to any part of the country where there is demand for such loans.

I will say to the Senator from New Jersey and to the Senator from Kansas, who asked for the explanation, that the senior Senator from South Dakota [Mr. MUNDT] was a member of the committee, and asked many questions on the subject, as did the senior Senator from Minnesota [Mr. THYE]. They were completely satisfied, finally, that the language inserted in the substitute bill will be satisfactory.

The bill does not increase the amount of lending authority, but it does provide that all the money need not be allocated across the country on the basis of the amount of farm tenancy the individual States have. A portion of it may be allotted on that basis, and the remainder of the money may be made available in any part of the country where it is needed.

If either of my distinguished colleagues desire additional explanation, I shall be glad to make it. Let me say in fairness to them that there are one or two minor points in the bill which I shall be glad to comment on if they wish. For example, there was a provision which related to the payment of a mortgage. The requirement was that when it got down to a certain figure it had to be refinanced immediately. A provision has been inserted, which all of us decided was fair, when the loan has been paid down to the level which a bank can handle under its permission from the Comptroller of the Currency—for instance, a 55 or 60 percent loan—then it must move into private channels, but it need not move prior to that time.

I will say to the Senator from New Jersey and the Senator from Kansas that we held extensive hearings on the bill. We met twice on it. We finally decided that we could solve the problem by certain simple changes. The bill then came up for a third hearing, and it was unanimously reported by the committee.

I am happy to yield to the Senator from New Jersey.

Mr. HENDRICKSON. Mr. President, in the light of the very clear explanation made by the distinguished Senator from New Mexico, I am very happy to withdraw my objection.

Mr. ANDERSON. I thank the Senator.

Mr. MAGNUSON. Mr. President, will the Senator yield to me for one observation?

Mr. ANDERSON. I yield.

Mr. MAGNUSON. The testimony was to the effect that this provision would help the small local banks to finance loans in a better way than is now possible, when the notes must be sold at a certain time. The interest of the Senator from Washington arose because of the fact that there is not much farm tenancy in our State. There was not very much money available, as was the case in Oregon and South Dakota. However, with new irrigated lands coming in, additional financing may be required.

Mr. CASE. Mr. President, is not the bill in its amended form a little more realistic, so far as the maximum amounts of the loans are concerned?

Mr. MAGNUSON. Yes.

Mr. CASE. The limitation created some years ago is unrealistic in view of current prices.

Mr. ANDERSON. Mr. President, I deeply appreciate having the Senator from South Dakota call that to my attention. I did not intend to avoid that question. However at the time the reg-

ulation was originally established, it provided maximums from $3,500 to $7,000 for certain types of loans. The value of the dollar has so changed that the $3,500 limitation has become some $6,200, and the committee made it $7,000. That change was only to bring the legislation in line with realistic practices.

The PRESIDING OFFICER. The question is on agreeing to the committee amendments.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. ELLENDER subsequently said: Mr. President, I do not believe I can add to what has already been said in explanation of Senate bill 684, Calendar 364. I ask unanimous consent that following the consideration of the bill, there be inserted a statement showing the quota of distribution, percentagewise, of funds provided for under the present law, as well as an explanation of how the bill will operate, and an explanation of the changes made by the bill.

There being no objection, the statement, table, and explanation were ordered to be printed in the RECORD, as follows:

S. 684, to amend the Bankhead-Jones Farm Tenant Act, was ordered reported to the Senate with amendments by the Committee at its meeting this date. The bill as ordered reported would make the following changes in the law:

1. Authorize the Secretary of Agriculture to insure mortgage loans totalling up to $25,000,000 per year on the basis of bona fide applications and the availability of farms with respect to which loans may be insured. Distribution of insured mortgage loans totaling $100,000,000 per year is now made according to farm population and prevalence of tenancy, thus the bill provides that one-fourth of this amount would be distributed free of the present formula.

2. Authorize the Secretary to postpone refinancing of insured mortgage loans until such time as the borrower had acquired sufficient equity in the farm to meet the legal requirements to which the holder of the insured mortgage may be subject in making uninsured loans.

3. Increase the limit of initial production and subsistence loans from $3,500 to $7,000 and the total outstanding indebtedness of any borrower on all such loans from $5,000 to $10,000.

4. Extend the term of repayment of operating loans and the maximum period during which a borrower may be indebted in order to be eligible for further financial assistance from 5 to 7 years.

5. Authorize the Secretary to postpone the initial annual repayment of both real estate and production assistance loans to a date not exceeding two full crop years after the date of the loan in those instances where he determines that farm income will not be sufficient to make the initial payment at an earlier date.

Attached is a table giving the distribution of the $100,000,000 of insured farm mortgages among the States and Territories according to present law. Column 6 shows the actual distribution, and under the provisions of S. 684 as reported by our committee the allocations for each State would be reduced 25 percent in order that $25,000,000 of the $100,000,000 would be available to the Secretary to distribute on the basis of bona fide applications.

Since October 1947, when the first real estate mortgage loan was insured, total loans insured have amounted to $44,778,582. No losses have been incurred in this program to date. In the current fiscal year loans amounting to $17,246,325 have been insured through May 31. Mr. Lassiter testified that about $30,000,000 was the greatest amount insured in any one year but I now understand the $17,246,325 insured so far this fiscal year is their highest amount.

Senator ELLENDER suggested we obtain information with respect to production and subsistence loans and direct farm ownership loans, in preparation for Senate action on the bill. From the inception of the program on November 1, 1946, through December 31, 1950, production and subsistence loans were made in the total amount of $329,452,234. Principal and interest repayments on these loans during this period amount of $198,371,-589. Repayments on principal equalled 89 percent of the amount that had matured. The Department expects that the ratio of repayments to maturity on these loans will increase and that ultimate losses will be relatively small. Principal write-offs amounted to $315,014 as of December 31, 1950.

The amount available for production and subsistence loans is subject to loan authorization by the Congress each year. For the 1952 fiscal year the House has approved $100,000,000 for this program, which is a reduction of $10,000,000 from the budget estimate.

As you know the Farmers Home Administration makes direct farm ownership loans under Title I of the Bankhead-Jones Farm Tenant Act. Through June 30, 1950, farm ownership loans had been made to 62,031 borrowers in the amount of $362,510,900 for the purchase, enlargement, or development of economic family-type farms. Though these loans are amortized over a 40-year period, 22,259 of the borrowers who had received loans under this program, since its inception in 1938, had repaid their accounts in full at the end of March 1950. Total net losses through liquidation on farm ownership loans as of June 30, 1950, were $522,319, or about one-seventh of 1 percent of the total advances as of that date. The 39,772 farm ownership borrowers indebted on March 31, 1950, had paid 133 percent of scheduled installments.

The amount available for making direct farm ownership loans is also subject to loan authorizations by Congress each year. The House has approved $38,000,000 for making both farm-ownership and farm-housing loans in the 1952 fiscal year, which is a reduction of $2,500,000 from that available in the 1951 fiscal year. The exact amount of the total authorization going into each type of loan is subject to the discretion of the executive departments.

Department of Agriculture, Farmers Home Administration—Farm tenancy: Method of determining the percentage distribution for allocating insured mortgages, by States

State and Territory (1)	Farm population 1945 [1] (2)	Percentage of tenancy 1945 [2] (3)	Allocation factor: Farm population multiplied by percentage of tenancy [3] (4)	Percentage distribution of insured mortgages [4] (5)	Adjusted tenancy dollar distribution [5] (6)
United States total	24,801,342		7,887,624	100	100,000,000
Alabama	1,000,657	49.107	491,393	6.2299242	6,229,924
Arizona	64,928	12.829	8,330	.1056085	105,609
Arkansas	782,520	44.579	348,840	4.4226246	4,422,625
California	528,672	12.325	66,391	.8417110	841,711
Colorado	192,320	27.920	53,696	.6807627	680,763
Connecticut	90,723	4.627	4,198	.0532226	53,223
Delaware	37,665	20.815	7,840	.0993962	99,396
Florida	244,336	16.817	41,090	.5209427	520,943
Georgia	1,015,444	53.802	546,329	6.9264077	6,926,408
Idaho	162,194	20.155	32,690	.4144467	414,447
Illinois	759,429	39.055	296,595	3.7602578	3,760,258
Indiana	656,167	22.675	148,786	1.8863222	1,886,322
Iowa	792,159	42.236	334,576	4.2417843	4,241,784
Kansas	480,469	36.561	175,664	2.2270839	2,227,084
Kentucky	973,328	26.769	260,550	3.3032761	3,303,276
Louisiana	594,127	49.144	291,978	3.7017231	3,701,723
Maine	158,564	3.169	5,025	.0637074	63,707
Maryland	194,169	22.999	44,657	.5661654	566,165
Massachusetts	141,100	2.613	3,687	.0467441	46,744
Michigan	663,610	11.717	77,755	.9857848	985,785
Minnesota	730,748	26.718	195,241	2.4752828	2,475,283
Mississippi	1,050,444	59.294	622,850	7.8965478	7,896,548
Missouri	855,020	26.816	229,282	2.9068576	2,906,858
Montana	134,551	16.632	22,379	.2837230	283,723
Nebraska	403,516	47.513	191,723	2.4306813	2,430,681
Nevada	14,219	9.245	1,315	.0166717	16,672
New Hampshire	65,149	3.556	2,317	.0293751	29,375
New Jersey	110,605	10.185	11,265	.1428187	142,819
New Mexico	134,251	13.726	18,427	.2336192	233,619
New York	589,724	8.253	48,670	.6170426	617,043
North Carolina	1,311,223	42.649	559,223	7.0898790	7,089,879
North Dakota	209,779	27.796	74,988	.9507046	950,705
Ohio	842,385	21,766	183,354	2.3245784	2,324,578
Oklahoma	639,948	39.912	255,416	3.2381868	3,238,187
Oregon	221,399	10.809	23,931	.3033994	303,399
Pennsylvania	730,877	12.892	94,225	1.1945030	1,194,503
Rhode Island	15,624	8.659	1,353	.0171535	17,153
South Carolina	682,663	54.167	369,778	4.6880784	4,688,078
South Dakota	253,899	38.085	96,697	1.2259332	1,225,933
Tennessee	981,501	32.996	323,856	4.1058752	4,105,875
Texas	1,487,829	37.611	559,587	7.0944939	7,094,494
Utah	99,989	8.381	8,380	.1062424	106,242
Vermont	95,275	4.915	4,683	.0593715	59,372
Virginia	801,803	20.327	162,982	2.0663003	2,066,300
Washington	289,467	11.227	32,498	.4120125	412,013
West Virginia	430,596	14.741	63,474	.8047290	804,729
Wisconsin	719,913	20.447	147,201	1.8662274	1,866,227
Wyoming	53,424	19.861	10,611	.1345272	134,527
Alaska	[6] 2,393	20.064	480	.0060855	6,085
Hawaii	[6] 149,435	70.667	105,601	1.3388189	1,338,819
Puerto Rico	[6] 1,084,168	[6] 20.646	223,838	2.8378381	2,837,838
Virgin Islands	[6] 6,944	[6] 27.778	1,929	.0244560	24,456

[1] 1945 Census of Population.
[2] Number of tenant-operated farms divided by number of all farms for each State: Census of Agriculture, 1945.
[3] Total factor is sum of State factors.
[4] State factor divided by column "4" total.
[5] Adjusted farm population and prevalence of tenancy distribution in accordance with the Farmers Home Administration Act of 1946.
[6] Estimated by the Bureau of the Census.

LUCY KONG LEE

The Senate proceeded to consider the bill (H. R. 1800) for the relief of Lucy Kong Lee which had been reported from the Committee on the Judiciary with an amendment on page 1, line 5, after the word "to", to strike out "Lucy Kong Lee, widow", and insert "the estate."

Mr. McCARRAN. Mr. President, this bill provides for the payment of approximately $6,700 to the estate of a former Honolulu policeman who was seriously injured when struck by an Army truck being driven by an Army driver on official business. The Department of the Army has recommended an award in the amount of this bill.

Since the introduction of the bill the claimant died, not as a result of the injuries sustained in this accident, and therefore the committee has amended the bill to provide that the payment shall be made to his estate.

It should be made clear that the committee considers this to be an exceptional case, and is approving the action here recommended on the basis of the particular factors and circumstances in this case; and that this action is not to be regarded as a precedent or a rule to be followed in other cases. If another case arose having precisely the same facts as this, the committee undoubtedly would make a similar recommendation; but the committee does not wish to be committed with respect to the course of action it will follow or recommend in any subsequent case.

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

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended, so as to read: "An act for the relief of the estate of Chin Hien Lee."

TRANSPORTATION ON CANADIAN VESSELS BETWEEN POINTS IN ALASKA AND CONTINENTAL UNITED STATES

The bill (S. 1559) a bill to provide transportation on Canadian vessels between Skagway, Alaska, and other points in Alaska, and between Hyder, Alaska, and other points in Alaska or the continental United States, either directly or via a foreign port, or for any part of the transportation, was announced as next in order.

Mr. SCHOEPPEL. Mr. President, reserving the right to object—and I shall not object—I should like to have a brief explanation of the measure.

Mr. MAGNUSON. Mr. President, the bill would extend the right of certain small Canadian vessels to serve two isolated points in Alaska. I would be the first one to object if service in American vessels was available to the two points involved.

Mr. SCHOEPPEL. The bill goes solely to filling a gap because of lack of American shipping?

Mr. MAGNUSON. Yes. Service to Hyder, Alaska, is very important, because of mining production of strategic material near the port.

An identical bill, Calendar 421, House bill 157, was passed by the House. I ask unanimous consent that the Senate proceed to the consideration of the House bill.

The PRESIDING OFFICER (Mr. DOUGLAS in the chair). The clerk will state the House bill by title.

The LEGISLATIVE CLERK. A bill (H. R. 157) to provide transportation on Canadian vessels between Skagway, Alaska, and other points in Alaska between Haines, Alaska, and other points in Alaska, and betwen Hyder, Alaska, and other points in Alaska, or the continental United States, either directly or via a foreign port, or for any part of the transportation.

The PRESIDING OFFICER. Is there objection to the present consideration of the House bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill 1559 is indefinitely postponed.

AUTHORIZATION TO REPORT DEFENSE PRODUCTION ACT OF 1951 DURING RECESS

Mr. MAYBANK. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MAYBANK. Mr. President, in reporting the defense production bill, will it be necessary to assign a new number to it, or will it automatically get a Senate number when I report it?

The PRESIDING OFFICER. The Parliamentarian suggests that all after the enacting clause be stricken, the new bill substituted, as amended, and that the Senator submit a clean bill to the Senate.

Mr. MAYBANK. I ask unanimous consent to report a clean bill during the recess, if we recess early this afternoon, because, as the Presiding Officer knows, the committee has completed consideration of the bill, but there must be some minor changes made in connection with Government funds and rent control. We have stricken out all after the enacting clause and are presenting a clean bill. I ask unanimous consent that, should the Senate recess this afternoon, we be permitted to report the bill as of today.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Carolina? The Chair hears none, and it is so ordered.

COMPENSATION OF EMPLOYEES OF THE HOUSE AND SENATE PRESS, PERIODICAL AND RADIO GALLERIES

The Senate proceeded to consider the joint resolution (S. J. Res. 71) relating to the compensation of employees of the House and Senate press, periodical, and radio galleries, which had been reported from the Committee on Post Office and Civil Service, with amendments on page 2, at the beginning of line 1, to strike out "assistant" and insert "assistant superintendents"; and in line 4, after the words "of the", to strike out "assistant" and insert "assistant superintendents", so as to make the joint resolution read:

Resolved, etc., That (a) the annual rates of basic compensation of the superintendents of the House and Senate press galleries shall be $4,800 each; the annual rate of basic compensation of the superintendents of the House periodical press gallery shall be $3,500; and the annual rate of basic compensation of the superintendent of the Senate periodical press gallery shall be $4,100.

(b) (1) The annual rates of basic compensation of the assistant superintendents in the House press gallery shall be as follows: One at $4,100, one at $3,200, one at $2,800, and one at $2,000.

(2) The annual rates of basic compensation of the assistant superintendents in the Senate press gallery shall be as follows: One at $4,100, two at $2,800, and one at $2,200.

SEC. 2. (a) The annual rates of basic compensation of the superintendent of the House and Senate radio press galleries shall be $4,700 each.

(b) (1) The annual rates of basic compensation of the assistants in the House radio press gallery shall be as follows: One at $3,000 and one at $2,850.

(2) The annual rates of basic compensation of the assistants in the Senate radio press gallery shall be as follows: One at $3,000, one at $2,850, and one at $2,500.

SEC. 3. Nothing in this joint resolution shall be construed to authorize the appointment of additional personnel in any of the press, periodical, or radio galleries.

SEC. 4. The provisions of this joint resolution shall take effect on the first day of the first month following the date of its enactment.

The amendments were agreed to.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

AMENDMENT OF ACT INCORPORATING AMERICAN UNIVERSITY

The bill (S. 1645) to amend the act incorporating the American University was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act entitled "An act to incorporate the American University," approved February 24, 1893 (27 Stat. 476), as amended by an act of Congress, approved March 2, 1895 (28 Stat. 814), is amended by striking out "two-thirds of whom shall at all times be members of the Methodist Episcopal Church," and by inserting in lieu thereof the following: "three-fifths of whom shall at all times be members of the Methodist Church."

PAYMENT AND COLLECTION OF WAGES IN THE DISTRICT OF COLUMBIA

The Senate proceeded to consider the bill (S. 1152) to provide for the payment and collection of wages in the District of Columbia which had been reported from the Committee on the District of Columbia with amendments on page 2, line 23, after the word "organization", to insert a colon and the following additional proviso: *"Provided further*, That where, by contract or custom, an employer has paid wages at least once each calendar month, he may lawfully continue to do so."

On page 3, after line 3, to strike out:

POSTING AND NOTIFICATION

SEC. 3. (a) Every employer employing more than eight employees shall notify each of his

employees in writing at the time of hiring of the rate of pay, of the day, hour, and place of payment, and of any changes in arrangements prior to the time of such change; or such notice may be given by posting a notice on his premises in a place accessible to his employees.

In line 14, to change the section number from "4" to "3"; in line 23, after the word "due", to strike out "within three working days thereafter, unless such employee shall have given previous notice of at least three working days of intention to quit, in which event the employer shall pay such wages earned at the time of quitting", and insert "upon the next regular payday or within 7 days from the date of quitting or resigning, whichever is earlier"; on page 4, line 23, to change the section number from "5" to "4"; on page 5, line 11, to change the section number from "6" to "5"; in line 15, to change the section number from "7" to "6"; on page 6, line 14, to change the section number from "8" to "7"; in line 23, to change the section number from "9" to "8", and on page 8, line 7, to change the section number from "10" to "9"; so as to make the bill read:

Be it enacted, etc.—

DEFINITIONS

SECTION 1. Whenever used in this act, (a) "employer" includes every individual, partnership, firm, association, corporation, the legal representative of a deceased individual, or the receiver, trustee, or successor of an individual, firm, partnership, association, or corporation, employing any person in the District of Columbia: *Provided,* That the word "employer" shall not include the Government of the United States, the government of the District of Columbia, or any agency of either of said governments, or any employer subject to the Railway Labor Act.

(b) "Employee" shall include any person suffered or permitted to work by an employer, other than corporate officers or executives.

(c) "Wages" means monetary compensation after lawful deductions, owed by an employer for labor or services rendered, whether the amount is determined on a time, task, piece, commission, or other basis of calculation.

(d) "Board" means the Minimum Wage and Industrial Safety Board of the District of Columbia.

(e) "Working day" means any day exclusive of Saturdays, Sundays, or legal holidays.

SEMIMONTHLY PAYDAY

SEC. 2. Every employer shall pay all wages earned to his employees at least twice during each calendar month, on regular paydays designated in advance by the employer: *Provided, however,* That an interval of not more than 5 working days may elapse between the end of the pay period covered and the regular payday designated by the employer, except where a different period is specified in a collective agreement between an employer and a bona fide labor organization: *Provided further,* That where, by contract or custom, an employer has paid wages at least once each calendar month, he may lawfully continue to do so. Wages shall be paid on designated paydays in lawful money of the United States, or checks on banks payable upon demand by the bank upon which drawn.

EMPLOYEES WHO ARE SEPARATED FROM THE PAYROLL BEFORE A REGULAR PAYDAY

SEC. 3. Unless otherwise specified in a collective agreement between an employer and a bona fide union representing his employees—

(a) Whenever an employer discharges an employee, the employer shall pay the employee's wages earned not later than the working day following such discharge.

(b) Whenever an employee (not having a written contract of employment for a period in excess of 30 days) quits or resigns, the employer shall pay the employee's wages due upon the next regular payday or within 7 days from the date of quitting or resigning, whichever is earlier.

(c) When work of an employee is suspended as a result of a labor dispute, the employer shall pay to such employee not later than the next regular payday, designated under section 2 of this act, wages earned at the time of suspension.

(d) If an employer fails to pay an employee wages earned as required under subsections (a), (b), and (c) of this section, such employer shall pay, or be additionally liable to, the employee, as liquidated damages, 10 percent of the unpaid wages for each working day during which such failure shall continue after the day upon which payment is hereunder required; or an amount equal to the unpaid wages, whichever is smaller: *Provided, however,* That for the purpose of such liquidated damages such failure shall not be deemed to continue after the date of the filing of a petition in bankruptcy with respect to the employer if he thereafter shall have been adjudicated bankrupt upon such petition.

UNCONDITIONAL PAYMENT OF WAGES CONCEDED TO BE DUE

SEC. 4. In case of a bona fide dispute concerning the amount of wages due, the employer shall give written notice to the employee of the amount of wages which he concedes to be due, and shall pay such amount, without condition, within the time required by sections 2 and 4 of this act: *Provided, however,* That acceptance by the employee of any payment made hereunder shall not constitute a release as to the balance of his claim. Payment in accordance with this section shall constitute payment for the purposes of complying with sections 2 and 4 of this act, only if there exists a bona fide dispute concerning the amount of wages due.

PROVISIONS OF LAW MAY NOT BE WAIVED BY AGREEMENT

SEC. 5. Except as herein provided, no provision of this act shall in any way be contravened or set aside by private agreement.

ENFORCEMENT, RECORDS, AND SUBPENAS

SEC. 6. (a) The Board shall enforce and administer the provisions of this act and the Board or an authorized representative of the Board, acting under its direction, may hold hearings and otherwise investigate any violations of this act and institute actions for penalties provided hereunder.

(b) The Board or its authorized representatives shall have power to administer oaths and examine witnesses under oath, issue subpenas, compel the attendance of witnesses, and the production of papers, books, accounts, records, payrolls, documents, and testimony and to take depositions and affidavits in any proceedings before it.

(c) In case of failure of any person to comply with any subpena lawfully issued, or on the refusal of any witness to testify to any matter regarding which he may be lawfully interrogated, it shall be the duty of the municipal court of the District of Columbia, or the judge thereof, on application by the Board, to compel obedience by attachment proceedings for contempt, as in the case of disobedience of the requirements of a subpena issued from such court or a refusal to testify therein.

PENALTIES

SEC. 7. Any employer who, having the ability to pay, willfully violates any provisions of section 2 or section 4 of this act or who fails to comply with any other provisions of this act, shall be guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine of not less than $100 nor more than $1,000, for each separate offense, or by imprisonment of not less than 3 days, or more than 30 days.

EMPLOYEES' REMEDIES

SEC. 8. (a) Action by an employee to recover unpaid wages and liquidated damages may be maintained in any court of competent jurisdiction by any one or more employees for and in behalf of himself or themselves and other employees similarly situated, or such employee or employees may designate an agent or representative to maintain such action for and on behalf of all employees similarly situated. Any employee, or his representative, shall have the power to settle and adjust his claim for unpaid wages. Whenever the Board determines that wages have not been paid, as herein provided and that such unpaid wages constitute an enforceable claim, the Board may, upon the request of the employee, take an assignment in trust for the assigning employee of such wages, not to exceed $200 in the case of one employee, and of any claim for liquidated damages, without being bound by any of the technical rules respecting the validity of any such assignments, may bring any appropriate legal action necessary to collect such claim and may join in one proceeding or action such claims against the same employer as the Board deems appropriate. Upon any such assignment the Board shall have power to settle and adjust any such claim or claims on such terms as it may deem just.

(b) The court in any action brought under this section shall, in addition to any judgment awarded to the plaintiff or plaintiffs, allow costs of the action, including costs or fees of any nature, and reasonable attorney's fees, to be paid by the defendant. Such attorney's fees in the case of actions brought under this subsection by the Board shall be remitted by the Board to the Collector of Taxes of the District of Columbia. The Board shall not be required to pay the filing fee or other costs or fees of any nature or to file bond or other security of any nature in connection with any action or proceeding under this act.

SEPARABILITY OF PROVISIONS

SEC. 9. If any provisions of this act, or the application thereof to any person or circumstance, is held invalid, the remainder of the act, and the application of such provision to other persons or circumstances shall not be affected thereby.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 1349) to establish a Department of Food Services in the public schools of the District of Columbia, and for other purposes, was announced as next in order.

Mr. SCHOEPPPEL. Over.

The PRESIDING OFFICER. The bill will be passed over.

PREMARITAL EXAMINATION OF APPLICANTS FOR MARRIAGE LICENSES IN THE DISTRICT OF COLUMBIA

The Senate proceeded to consider the bill (S. 1167) to require a premarital examination of all applicants for marriage licenses in the District of Columbia, which had been reported from the Committee on the District of Columbia with

amendments: On page 1, line 3, after the enacting clause, to strike out:

That it shall be the duty of the clerk of the United States District Court for the District of Columbia, before issuing any license to solemnize a marriage, to require each applicant therefor to file with him a certificate from a physician licensed to practice medicine in the District of Columbia, or from a commissioned medical officer of the United States Army, Navy, Air Force, or Public Health Service. Such certificate shall state (1) that the applicant has submitted to an examination (including a standard serological test and.

And in lieu thereof to insert:

That it shall be the duty of the clerk of the United States District Court for the District of Columbia, before issuing any license to solemnize a marriage, to require, with respect to each party desiring to marry, a certificate from a physician licensed to practice medicine or osteopathy in the District of Columbia or in any State or Territory of the United States, or in the case of any member of the Armed Forces of the United States, from a commissioned medical officer of the United States Army, Navy, Air Force, or Public Health Service: *Provided*, That each such certificate shall first be approved by the Director of Public Health of the District of Columbia or by his agent designated by him in writing. Such certificate shall state (1) that such party has submitted to an examination (including a standard serological test and.

On page 2, line 16, after the word "syphilis", to strike out "and gonorrhea"; in line 20, after the word "syphilis", to strike out "or gonorrhea"; in line 22, after the word "partner", to strike out "Such certificate shall be signed by the applicant in the presence of the physician", and insert "Such certificate shall be signed in the presence of the physician by the person examined"; on page 3, line 25, after the word "syphilis", to strike out "or gonorrhea", and on page 4, line 3, after the word "officer.", to insert "Any laboratory operated by any State or Territory of the United States, or by the United States Army, Navy, Air Force, or Public Health Service, shall be deemed to be an approved laboratory for the purposes of this act", so as to make the bill read:

Be it enacted, etc., That it shall be the duty of the clerk of the United States District Court for the District of Columbia, before issuing any license to solemnize a marriage to require, with respect to each party desiring to marry, a certificate from a physician licensed to practice medicine or osteopathy in the District of Columbia or in any State or Territory of the United States, or in the case of any member of the Armed Forces of the United States, from a commissioned medical officer of the United States Army, Navy, Air Force, or Public Health Service: *Provided*, That each such certificate shall first be approved by the director of public health of the District of Columbia or by his agent designated by him in writing. Such certificate shall state (1) that such party has submitted to an examination (including a standard serological test and such other standard laboratory tests as may be necessary for the discovery of syphilis made on a day specified in the certificate, and (2) that, in the opinion of such physician, based on such person's medical history and on clinical and laboratory evidence, the person either is not infected with syphilis or is not in a stage thereof which may become communicable to the marital partner. Such certificate shall be signed in the presence of the physician by the person examined.

SEC. 2. The physician's certificate required to be filed by the first section of this act shall be made on a form (referred to in this act as the "certificate form") to be prepared and distributed by the Health Department of the District of Columbia and shall contain on the same form a statement, from the person in charge of the laboratory making the tests, or from some other person in the laboratory authorized to make such statements, setting forth the name of the tests, the date made, and the name and address of the person whose blood or other specimen was tested, but such statement shall not indicate the results of the tests. Upon a separate form also prepared and distributed to laboratories approved by the Health Department and designated as "premarital", a detailed report of the laboratory tests, showing the results of the tests, shall be made out by the laboratory in duplicate. One copy of this detailed report shall be transmitted by the laboratory to the physician making the examination and the other copy to the Health Department. Such "premarital" laboratory report forms shall be held by the physician and by the Health Department in absolute confidence and shall not be open to public inspection except on order of a justice or judge of a court of competent jurisdiction requiring its production by the Health Department.

SEC. 3. (a) For the purpose of this act a standard laboratory test shall be any laboratory test for syphilis (1) approved by the health officer of the District of Columbia, and (2) made at a laboratory approved by such health officer. Any laboratory operated by any State or Territory of the United States, or by the United States Army, Navy, Air Force, or Public Health Service, shall be deemed to be an approved laboratory for the purposes of this act. To be valid such tests shall be made not more than 30 days before the issuance of the marriage license to which they apply. Such laboratory tests as are required by this act shall be made on request without charge at the laboratory of the Health Department of the District of Columbia.

(b) No marriage license issued after the effective date of this act shall be valid more than 30 days after date of issue.

SEC. 4. Because of an emergency or other cause shown by affidavit or other proof, a judge of the United States District Court for the District of Columbia, if satisfied by medical or other testimony or both that neither the health of the individuals nor the public health and welfare will be injuriously affected thereby, may make an order, on joint application of both of the parties desiring the marriage license, dispensing with those requirements which relate to the filing with the clerk of such court and the Health Department of the physicians' certificates and the "premarital" laboratory reports or, such certificates and reports having been filed, extending the 30-day period following the examinations and tests for the issuance of such license to not later than 90 days after such examinations and tests. The order shall be accompanied by a memorandum in writing from the judge, reciting his reasons for granting the order. The order and the accompanying memorandum shall be filed with such clerk, and the latter shall thereupon accept the application for the marriage license and issue the same, if the applicants are otherwise qualified by law to contract matrimony. The clerk and his employees shall hold such memorandum of the judge in absolute confidence and it shall not be open to inspection, except on order of a justice or judge of a court of competent jurisdiction requiring its production.

SEC. 5. Any applicant for a marriage license, any physician, or any representative of a laboratory who shall knowingly misrepresent any of the facts called for by the certificate form or the "premarital" laboratory report, or any person who shall otherwise fail to comply with any provision of this act, shall be guilty of a misdemeanor and upon conviction thereof, shall be punished by a fine of not more than $500 or imprisonment for not more than 6 months, or both.

SEC. 6. This act shall take effect 90 days after the date of its enactment.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

AMENDMENT OF DISTRICT OF COLUMBIA TEACHERS' LEAVE ACT OF 1949

The bill (S. 657) to amend and clarify the District of Columbia Teachers' Leave Act of 1949 and for other purposes, was announced as next in order.

Mr. HENDRICKSON. Mr. President, may we have an explanation of the bill for the purpose of the RECORD?

Mr. PASTORE. Mr. President, this bill would correct certain inequities in, and liberalize certain provisions of, the District of Columbia School Teachers' Leave Act of 1949. The bill would—

Increase accumulated sick leave from a maximum of 60 days to 75 days for regular teachers and from 10 to 20 days for temporary teachers. This is the same as that allowed Federal employees, with an appropriate deduction because teachers are employed only 10 months in the year.

Allow teachers to take 3 days leave a year for personal affairs, religious observances, and other purposes which cannot be classified as "emergencies." Present law allows only for "pressing personal emergencies."

Give teachers 1 day of sick leave for each year of their service prior to 1949 in the District of Columbia school system, up to maximum of 20 days.

Allow teachers to be advanced up to 25 days' sick leave, instead of 20 days, as at present.

Allow certain employees to retain their accumulated sick leave.

The bill provides that teachers on leave without pay prior to a week end or vacation period will lose pay only for those days when school is in session and they could otherwise work.

The bill would require reinstatement of a teacher on leave without pay at the expiration of such leave, to the teacher's former, or an equivalent position.

The bill would also correct certain inequities that have developed in the School Teachers Retirement Act of 1946.

It would require that deductions from salary for the retirement fund shall be made in any month in which the amount of deduction is less than the salary received by the teacher.

Allow a teacher to deposit, and be credited with, the amount which would otherwise be deductible during any period of leave without pay.

The total cost of bill is estimated to be $14,000 annually. It has been approved by Board of Commissioners, the Board of Education, and Bureau of Budget.

I may say that the committee held extensive hearings on the bill, and it is

reported unanimously by the full committee.

Mr. HENDRICKSON. I thank the Senator from Rhode Island. I have no objection.

The PRESIDING OFFICER. Is there objection?

There being no objection the Senate proceeded to consider the bill (S. 657) to amend and clarify the District of Columbia Teachers' Leave Act of 1949, and for other purposes, which had been reported from the Committee on the District of Columbia, with an amendment to strike out all after the enacting clause, and insert:

That the first section of the District of Columbia Teachers' Leave Act of 1949 is amended (a) by striking from the last sentence thereof the words "sixty" and "ten" and substituting in lieu thereof the words "seventy-five" and "twenty", respectively, and (b) by adding at the end thereof the following new sentence: "Under such rules and regulations as the Board of Education may prescribe any teacher or attendance officer may use three days of such cumulative leave with pay in any school year for any purpose, upon giving timely notice of intended absence."

SEC. 2. Section 2 of such act is amended (a) by striking from the proviso of the first sentence thereof the words "total amount to be" and inserting in lieu thereof the word "leave" and also by striking from such proviso the words "shall not exceed twenty days and" and (b) by striking from the last sentence thereof the word "sixty" and inserting in lieu thereof "seventy-five."

SEC. 3. Section 4 of such act is amended by striking therefrom the word "twenty" and inserting in lieu thereof "twenty-five."

SEC. 4. When any person occupying a position, the salary of which position is fixed by article I, title I, of the District of Columbia Teachers' Salary Act of 1947 (61 Stat. 248), as amended, or a position as attendance officer, the salary of which position is fixed in class 32, article II, title I, of such act, is transferred or promoted to any position in the schedule in article II, title I, of such act (other than a position in class 32) shall be entitled to have credited to his account as accumulated sick leave as provided by the act entitled "An act to standardize sick leave and extend it to all civilian employees," approved March 14, 1936 (49 Stat. 1162), as amended, the same number of days as are credited to him as cumulative leave with pay under the provisions of the District of Columbia Teachers' Leave Act of 1949.

SEC. 5. Teachers and attendance officers who are on leave without pay for periods less than 1 month and who are on leave without pay on the last day of school preceding Saturday or any other vacation period designated by the Board of Education shall lose pay only for those days when school is in session and they could otherwise work. In no case shall a teacher or attendance officer on leave without pay for periods less than 1 month suffer a loss of pay for Saturdays, Sundays, holidays, and vacation periods authorized by the Board of Education.

SEC. 6. Any teacher or attendance officer who is granted leave without pay by the Superintendent of Schools or the Board of Education shall be reinstated to the position from which leave was granted or to an equivalent position when said employee is ready to resume his duties.

SEC. 7. The first paragraph of the first section of the act entitled "An act for the retirement of public-school teachers in the District of Columbia," approved August 7, 1946, is amended—

(1) by striking out "No deduction shall be made from less than an entire month's salary."; and

(2) by adding at the end of such paragraph the following: "Deductions shall be made for every month in which the salary of a teacher exceeds the amount of such deduction. Any teacher may, at his option and under such regulations and at such times as may be prescribed by the Commissioners of the District of Columbia, deposit with the Collector of Taxes, District of Columbia, the amount which would otherwise be deductible during any period of leave without pay, to be credited as herein provided."

SEC. 8. This act shall take effect on the first day of the second month following its enactment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, was read the third time, and passed.

ORGANIZATION OF AIR FORCE AND DEPARTMENT OF THE AIR FORCE

The bill (H. R. 1726) to provide for the organization of the Air Force and the Department of the Air Force, and for other purposes, was announced as next in order.

Mr. SCHOEPPEL. Mr. President, may we have an explanation of the measure?

Mr. STENNIS. Mr. President, House bill 1726, known as the Air Force Organization Act, passed the House on January 24. This bill is drawn along the lines of the Army Organization Act enacted during the Eighty-first Congress. At present the National Security Act, as amended, is the only act prescribing the Air Force organization. The bill provides a more detailed structure for the Air Force, and at the same time permits the affairs of the Air Force to be conducted by the Secretary with appropriate administrative flexibility. I believe that the principle of civilian control over the military is firmly maintained throughout the bill.

The bill is broken down into four titles. Title I pertains to the Secretary of the Air Force and his principal civilian assistants. The Secretary is made responsible for all the affairs of the Air Force and he is given the authority commensurate with that responsibility. He is authorized to delegate powers and duties to his assistants. On page 4 of the bill the committee recommends an amendment which provides that the Under Secretary or an Assistant Secretary will be directly charged with the supervision of all activities of the Air Force.

Title II pertains to the Chief of Staff and the Air Staff. There is provided a Vice Chief of Staff and not to exceed five Deputy Chiefs of Staff. The Air Force presently has this number of Deputy Chiefs of Staff.

I may say that this provision does not necessarily involve the promotion of any additional officers to carry out the machinery of the Organization Act.

The bill provides that not more than 2,800 officers of the Air Force shall be on duty in the Department in Washington, except in time of war or national emergency declared by the President. That is approximately the number on duty in Washington now. The President may increase this number if he finds it to be in the national interest.

The committee also recommends an amendment on page 6 of the bill which requires the designation of a general officer of the Air Force to advise and assist the Secretary and Chief of Staff with respect to all Reserve matters.

Another amendment is recommended in section 204 on page 8, to provide that instead of the Chief of Staff's having supervision over the members and organizations of the Air Force, he shall "under the direction of the Secretary of the Air Force exercise command over" the numbers and organizations. Both Secretary Finletter and General Vandenberg urged this amendment. As amended the language is identical with the language of the National Security Act.

Title III provides for the composition and organization of the Air Force. No change is made with respect to the Air Force Reserve or the Air National Guard.

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

Mr. STENNIS. I am glad to yield.

Mr. CASE. In establishing the components of the Air Force, does the bill impose any limitation in regard to the number of groups which may be organized?

Mr. STENNIS. No; it does not go into that matter at all.

Mr. CASE. The bill does not establish the size of the Air Force, does it?

Mr. STENNIS. No, it does not.

Section 308 of the bill as passed by the House sets up three major commands within the Air Force and provides authority to the Secretary to establish other commands, as may be required.

The committee recommends the deletion of this section on the ground that it establishes a rigid organization and unduly restricts the flexibility necessary in order to be able to meet rapidly changing conditions.

During the hearings on this bill, witnesses who appeared urged that appropriate provisions be included in the bill for the establishment of a separate Judge Advocate General's Corps within the Air Force, similar to that now provided in the Army.

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

Mr. STENNIS. I am glad to yield.

Mr. SCHOEPPEL. Is that matter left open?

Mr. STENNIS. Yes, and I shall refer to it now.

Mr. President, I may say that as a member of the committee, I was impressed very much with the proposal to set up a separate Judge Advocate General's Corps within the Air Force, similar to that now provided in the Army. While the committee has not amended the bill so as to include such provisions, it has stricken from the bill provisions which would have precluded the establishment of such a separate corps. In other words, the committee did not add provisions for the establishment of such

a corps, but the committee struck from the bill provisions which would have precluded the setting up of the corps, and left that an open question.

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

Mr. STENNIS. I yield.

Mr. CASE. That does not mean, does it, that the Air Force will be allowed to establish a separate and individual military code of justice?

Mr. STENNIS. No.

Mr. CASE. The new uniform military code of justice has recently been put into operation for all three branches of the armed services.

Mr. STENNIS. Yes, and that law would be binding on the Air Force, under the provisions of this bill, just as it is now. This section of the bill pertains to the creation of a separate Judge Advocate General's Corps within the Air Force.

Mr. CASE. And it will operate under and will apply the uniform military code of justice which now is in effect for the three branches of the Armed Forces. Is that correct?

Mr. STENNIS. Yes; that is correct.

I think a strong argument can be made that under the present law a separate Judge Advocate General's Corps could be set up within the Air Force, but the interpretation which has been made does not require that to be done, and the Air Force is operating under that interpretation.

Mr. CASE. Of course, the Senator from Mississippi is familiar with the long effort to establish a uniform military code and to provide a system of appeals similar to that applicable in the civil courts. In my opinion, the Congress would not wish to weaken that system.

Mr. STENNIS. I agree with the Senator, and this bill will not weaken it at all.

No conclusive evidence has been submitted to the subcommittee which clearly resolves this issue. In view of this fact, the committee feels that it will be preferable to defer any decision in this matter until such time as the members of the recently created Court of Military Appeals and the Judge Advocates General of the Armed Forces have had an opportunity to observe the working of the courts-martial procedures within the services and to include in their annual report recommendations on this matter which they deem pertinent.

Title IV of this bill contains repeals, amendments, and savings provisions required as a result of the provision of the bill.

Mr. President, in conclusion, let me say that the provision of the bill in regard to a separate Judge Advocate General's Corps within the Air Force will not change the present law or set aside any of the provisions of the new code of military justice which has been referred to during the debate here. The committee has expressly stricken from the bill provisions which would have precluded the establishment or creation of a separate Judge Advocate General's Corps within the Air Force.

Mr. SCHOEPPEL. Mr. President, I thank the Senator from Mississippi. I have no objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Armed Services with amendments on page 4, line 7, after the word "charged", to insert "(1)"; in line 11, after the word "thereto", to insert "and (2) with supervision of all activities of the reserve components of the Air Force"; on page 6, line 15, after the word "prescribe", to insert a colon and "*Provided*, That there shall be in the Air Staff a general officer who shall assist and advise the Secretary of the Air Force and the Chief of Staff on all matters relating to the reserve components of the Air Force and who shall perform such other duties in connection therewith as may be assigned by the Secretary or the Chief of Staff."; on page 8, line 24, after "(a)", to strike out "The Chief of Staff shall have supervision of" and insert "Under the direction of the Secretary of the Air Force the Chief of Staff shall exercise command over"; on page 14, line 3, after the word "duties:", to strike out "*Provided*, That there shall be no separately constituted or administered arms, branches, services, or corps in the Air Force or any component thereof:"; on page 18, after line 12, to strike out:

SEC. 308. (a) There shall be within the Air Force—

(1) the following major air commands:

(i) an air defense command;

(ii) a strategic air command; and

(iii) a tactical air command;

(2) such other commands, forces, and organizations as may from time to time be established by the Secretary of the Air Force.

(b) For the duration of any war or national emergency hereafter declared by the Congress, the Secretary of the Air Force may establish new major commands in lieu of, or discontinue or consolidate the major commands enumerated in, subsection (a) (1) of this section.

On page 19, line 1, to change the section number from "309" to "308"; in line 12, to change the section number from "310" to "309"; on page 21, after line 9, to strike out:

(b) Sections 246, 247, 248, and 249 of the act of June 24, 1948 (62 Stat. 643; 10 U. S. C. 61, 65, 62a, 61a), shall not be construed to be applicable to the Air Force.

In line 14, to change the subsection letter from "(c)" to "(b)"; after line 16, to strike out:

SEC. 402. The National Security Act of 1947, as amended, is hereby amended by deleting the word "command" in section 208 (b) thereof and substituting in lieu thereof the word "supervision."

In line 21 to change the section number from "403" to "402"; on page 22, line 5, to change the section number from "404" to "403"; in line 18, to change the section number from "405" to "404"; in line 23, to change the section number from "406" to "405"; on page 23, line 6, to change the section number from "407" to "406"; in the same line, after the amendment just above stated, to strike out "Except as provided in section 402 of this act, nothing" and insert "Nothing"; and in line 11, to change the section number from "408" to "407."

The amendments were agreed to.

The amendment were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

ISSUANCE OF PATENT IN FEE TO ELLSWORTH SCHROEDER

The Senate proceeded to consider the bill (S. 818) authorizing the Secretary of the Interior to issue a patent in fee to Ellsworth Schroeder, which had been reported from the Committee on Interior and Insular Affairs with an amendment, to strike out all after the enacting clause and insert:

That the Secretary of the Interior, upon application in writing, is hereby authorized to sell the homestead allotment No. 3507 of Ellsworth Schroeder, described as the southwest quarter of the northwest quarter, the east half of the northwest quarter, and the northeast quarter of section 29; the west half of the northwest quarter and the west half of the east half of the northwest quarter in section 28, township 9 south, range 34 east, Montana principal meridian, containing approximately 400 acres, and to disburse the proceeds of such sale for the benefit of Ellsworth Schroeder.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to authorize the sale of certain allotted land on the Crow Reservation, Mont."

ISSUANCE OF PATENT IN FEE TO LUCILLE ELLEN SANDERS GROH

The Senate proceeded to consider the bill (S. 1033) authorizing the Secretary of the Interior to issue a patent in fee to Lucille Ellen Sanders Groh, which had been reported from the Committee on Interior and Insular Affairs with amendments, on page 2, line 2, after the word "least", to strike out "ninety" and insert "sixty"; in line 7, after the word "of", to strike out "ninety" and insert "sixty"; in line 8, after the word "such", to strike out "ninety" and insert "sixty"; and in line 16, after the word "of", to strike out "ninety" and insert "sixty", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to issue a patent in fee to Lucille Ellen Sanders Groh for the following-described land in the State of Montana: The south half of the southeast quarter of section 27, and all of section 34, township 4 south, range 28 east, Montana principal meridian, containing approximately seven hundred and twenty acres.

SEC. 2. (a) The lands herein described shall not be sold after the date of enactment of this act to any purchaser other than the Crow Tribe or a member thereof, unless (1) at least sixty days prior to such sale the superintendent of the Crow Agency shall have been served with notice of the terms thereof and a copy of such notice, together with a description of the lands, shall have been posted by the superintendent in a conspicuous public place at such agency and have remained posted for a period of sixty days, and (2) prior to the expiration of such sixty days no bona fide offer in writing to

purchase such land upon the terms specified in such notice, or upon terms more favorable to the owner, shall have been made by the Crow Tribe or any member thereof and a copy thereof served upon the superintendent of the Crow Agency.

(b) A certificate of the superintendent of the Crow Agency stating that notice of the proposed sale was served upon him and was posted by him for a period of sixty days in accordance with the provisions of clause (1) of subsection (a) and that no offer was received in accordance with clause (2) of such subsection, when filed and recorded in the office of the county clerk and recorder of the county in which such lands are situated shall be conclusive evidence of compliance with this section. The superintendent shall furnish the certificate to the purchaser for filing and recording.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ISSUANCE OF PATENT IN FEE TO JULIA JACKSON SANDERS

The Senate proceeded to consider the bill (S. 1034) authorizing the Secretary of the Interior to issue a patent in fee to Julia Jackson Sanders which had been reported from the Committee on Interior and Insular Affairs with amendments on page 2, line 2, after the word "least", to strike out "ninety" and insert "sixty"; in line 7, after the word "of", to strike out "ninety" and insert "sixty"; in line 8, after the word "such" to strike out "ninety" and insert "sixty", and in line 16, after the word "of", to strike out "ninety" and insert "sixty"; so as to make the bill read:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to issue a patent in fee to Julia Jackson Sanders for the following-described lands in the State of Montana: The north half of the north half of section 28, and the south half of the southeast quarter in section 21, all in township 4 south, range 28 east, Montana principal meridian, containing approximately two hundred and forty acres.

SEC. 2. (a) The lands herein described shall not be sold after the date of enactment of this act to any purchaser other than the Crow Tribe or a member thereof, unless (1) at least 60 days prior to such sale the Superintendent of the Crow Agency shall have been served with notice of the terms thereof and a copy of such notice, together with a description of the lands, shall have been posted by the Superintendent in a conspicuous public place at such agency and have remained posted for a period of 60 days, and (2) prior to the expiration of such 60 days no bona fide offer in writing to purchase such land upon the terms specified in such notice, or upon terms more favorable to the owner, shall have been made by the Crow Tribe or any member thereof and a copy thereof served upon the Superintendent of the Crow Agency.

(b) A certificate of the Superintendent of the Crow Agency stating that notice of the proposed sale was served upon him and was posted by him for a period of 60 days in accordance with the provisions of clause (1) of subsection (a) and that no offer was received in accordance with clause (2) of such subsection, when filed and recorded in the office of the county clerk and recorder of the county in which such lands are situated shall be conclusive evidence of compliance with this section. The Superintendent shall furnish the certificate to the purchaser for filing and recording.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ISSUANCE OF PATENT IN FEE TO JULIA JACKSON SANDERS

The Senate proceeded to consider the bill (S. 1036) authorizing the Secretary of the Interior to issue a patent in fee to Julia Jackson Sanders which had been reported from the Committee on Interior and Insular Affairs with amendments on page 2, line 3, after the word "least", to strike out "ninety" and insert "sixty"; in line 8, after the word "of", to strike out "ninety" and insert "sixty"; in line 9, after the word "such", to strike out "ninety" and insert "sixty", and in line 17, after the word "of", to strike out "ninety" and insert "sixty", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to issue a patent in fee to Julia Jackson Sanders for the following-described lands in the State of Montana: The north half and the southwest quarter, and the north half of the southeast quarter of section 27, and the south half of the southwest quarter in section 22, all in township 4 south, range 28 east, Montana principal meridian, containing approximately six hundred and forty acres.

SEC. 2. (a) The lands herein described shall not be sold after the date of enactment of this act to any purchaser other than the Crow Tribe or a member thereof, unless (1) at least sixty days prior to such sale the Superintendent of the Crow Agency shall have been served with notice of the terms thereof and a copy of such notice, together with a description of the lands, shall have been posted by the Superintendent in a conspicuous public place at such agency and have remained posted for a period of sixty days, and (2) prior to the expiration of such sixty days no bona fide offer in writing to purchase such land upon the terms specified in such notice, or upon terms more favorable to the owner, shall have been made by the Crow Tribe or any member thereof and a copy thereof served upon the Superintendent of the Crow Agency.

(b) A certificate of the Superintendent of the Crow Agency stating that notice of the proposed sale was served upon him and was posted by him for a period of sixty days in accordance with the provisions of clause (1) of subsection (a) and that no offer was received in accordance with clause (2) of such subsection, when filed and recorded in the office of the county clerk and recorder of the county in which such lands are situated shall be conclusive evidence of compliance with this section. The Superintendent shall furnish the certificate to the purchaser for filing and recording.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ISSUANCE OF PATENT IN FEE TO RICHARD JAMES BROWN

The bill (H. R. 630) authorizing the Secretary of the Interior to issue a patent in fee to Richard James Brown was considered, ordered to a third reading, read the third time, and passed.

ISSUANCE OF PATENT IN FEE TO ALICE E. WILLIAMS SISK

The bill (H. R. 631) authorizing the Secretary of the Interior to issue a patent in fee to Alice E. Williams Sisk was considered, ordered to a third reading, read the third time, and passed.

ISSUANCE OF PATENT IN FEE TO PERCIVAL H. GLENN

The bill (H. R. 964) authorizing the Secretary of the Interior to issue a patent in fee to Percival H. Glenn was considered, ordered to a third reading, read the third time, and passed.

ISSUANCE OF PATENT IN FEE TO CERTAIN ALLOTTEES ON THE CROW INDIAN RESERVATION

The bill (H. R. 2349) authorizing the Secretary of the Interior to issue a patent in fee to certain allottees on the Crow Indian Reservation was considered, ordered to a third reading, read the third time, and passed.

LEASE OF CERTAIN LAND IN MONTANA TO THE CITY OF POPLAR AND COUNTY OF ROOSEVELT

The bill (H. R. 3033) authorizing the Secretary of the Interior to lease certain land in the State of Montana to the city of Poplar and the county of Roosevelt, Mont., was considered, ordered to a third reading, read the third time, and passed.

SALE OF CERTAIN ALLOTTED LAND ON THE CROW RESERVATION, MONT.

The bill (H. R. 3215) to authorize the sale of certain allotted land on the Crow Reservation, Mont., was considered, ordered to a third reading, read the third time, and passed.

ISSUANCE OF PATENT IN FEE TO LULU M. WHITEBEAR

The bill (H. R. 3216) authorizing the Secretary of the Interior to issue a patent in fee to Lulu M. Whitebear was considered, ordered to a third reading, read the third time, and passed.

EXTENSION AND REVISION OF DISTRICT EMERGENCY RENT ACT—BILL PASSED OVER

The bill (S. 1590) to extend and revise the District of Columbia Emergency Rent Act was announced as next in order.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. McCARRAN. Mr. President, may we have an explanation of the bill?

Mr. CLEMENTS. Mr. President, Senate bill 1590 controls rents in the District of Columbia until June 30, 1952. For housing which was rented on January 1, 1941, the maximum rent ceiling is 20 percent above the rent fixed for January 1, 1941. For housing first rented after January 1, 1941, the bill fixes the rent ceiling at the original controlled figure, plus 2 percent annually. For housing accommodations first rented after January 1, 1951, the ceiling is to be fixed by the Administrator at a price equal to that of comparable housing accommodations.

The bill leaves hotels, rooming houses, boarding houses, and other transient accommodations free from controls. Provision is made for petitions for adjustment where particular ceilings are inequitable or where there is a rise in

operating costs. The bill fixes the conditions under which, or the procedures by which, landlords may repossess property, provides for court review of actions of the Administrator, and fixes the means of enforcement and penalties.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 1590) which had been reported from the Committee on the District of Columbia, with an amendment to strike out all after the enacting clause and insert:

That the District of Columbia Emergency Rent Act is hereby amended to read as follows:

"PURPOSES; TIME LIMIT

"SECTION 1. (a) It is hereby found that the national emergency and the national defense program (1) have aggravated the congested situation with regard to housing accommodations existing at the seat of government; (2) have led or will lead to profiteering and other speculative and manipulative practices by some owners of housing accommodations; (3) have rendered or will render ineffective the normal operations of a free market in housing accommodations; and (4) are making it increasingly difficult for persons whose duties or obligations require them to live or work in the District of Columbia to obtain such accommodations. Whereupon it is the purpose of this act and the policy of the Congress during the existing emergency to prevent undue rent increases and any other practices relating to housing accommodations in the District of Columbia which may tend to increase the cost of living or otherwise impede the national-defense program.

"(b) The provisions of this act, and all regulations, orders, and requirements thereunder, shall terminate on June 30, 1952; except that as to offenses committed, or rights or liabilities incurred, prior to such expiration date, the provisions of this act and such regulations, orders, and requirements shall be treated as still remaining in force for the purpose of sustaining any proper suit, action, or prosecution with respect to any such right, liability, or offense.

"MAXIMUM-RENT CEILINGS AND MINIMUM-SERVICE STANDARDS

"SEC. 2. Subject to such adjustments as may be made pursuant to sections 3 and 4, maximum-rent ceilings and minimum-service standards for housing accommodations in the District of Columbia shall be the following:

"(1) For housing accommodations rented on January 1, 1951, and not under control under this act prior to that date, the rent and service to which the landlord and tenant were entitled on that date.

"(2) For housing accommodations not rented on January 1, 1951, but which had been rented within the year ending on that date, and not under control under this act during that year, the rent and service to which the landlord and tenant were last entitled within such year.

"(3) For housing accommodations not rented on January 1, 1951, or within the year ending on that date, and not covered by subsection (4) hereof, the rent and service generally prevailing for comparable housing accommodations as determined by the Administrator.

"(4) For housing accommodations under control under this act on December 31, 1950, the rent and service to which the landlord and tenant were entitled on June 15, 1951, except that upon the filing, by any landlord of any housing accommodations covered by this subsection, of a new rent schedule on a form prescribed by the Administrator and setting forth the pertinent circumstances as indicated by such form, the rent and service shall be adjusted and automatically effective upon the date of filing thereof, (A) for housing accommodations rented on January 1, 1941, or within the year ending on that date, so that the maximum-rent ceiling shall be increased to 20 percent above the rent heretofore frozen at the level of January 1, 1941, or the last rent in the year 1940, whichever was applicable, plus the upward adjustments heretofore authorized by General Orders 12 and 13 of the Administrator; and (B) for housing accommodations not rented on January 1, 1941, or within the year ending on that date, so that the maximum-rent ceiling shall be increased by 2 percent per year for each calendar year ending after rent schedules for such housing accommodations were first filed in the office of the Administrator, for the calendar years 1941 to 1950, inclusive, to the extent applicable, plus the upward adjustments heretofore authorized by General Orders 12 and 13 of the Administrator.

"GENERAL AND SPECIAL ADJUSTMENTS

"SEC. 3. (a) Whenever in the judgment of the Administrator a general increase or decrease since January 1, 1951, in taxes or other maintenance or operating costs or expenses has occurred or is about to occur in such manner and amount as substantially to affect the maintenance and operation of housing accommodations generally or of any particular class of housing accommodations, he may by regulation or order increase or decrease the maximum-rent ceiling or minimum-service standard, or both, for such accommodations or class thereof in such manner or amount as will in his judgment compensate, in whole or in part, for such general increase or decrease. Thereupon such adjusted ceiling or standard shall be the maximum-rent ceiling or minimum-service standard for the housing accomodations subject thereto.

"(b) Upon a showing by any landlord of good cause in the judgment of the Administrator that the maximum-rent ceiling on any housing accommodation is substantially lower than the maximum-rent ceiling for comparable housing accommodations located within the same building or group of buildings operated by the same landlord as a single operation, the Adminstrator may, by special order under this section, adjust such lower ceiling so as to equalize the same with such higher ceiling, and thereupon such adjusted ceilings shall be the maximum-rent ceilings for the housing accommodations subject to such special order.

"(c) Upon the showing by any landlord to the satisfaction of the Administrator that the maximum-rent ceilings, on any comparable housing accommodations located within the same building or group of buildings operated by the same landlord as a single operation, will vary in amount due to the effect of General Orders 12 and 13 or similar general orders, the Administrator may, by special order under this section, adjust any or all of such ceilings so at to equalize the same, and thereupon such adjusted ceilings shall be the maximum-rent ceilings for the housing accommodations subject to such special order.

"PETITION FOR ADJUSTMENT

"SEC. 4. (a) Any landlord or tenant may petition the Administrator to adjust the maximum-rent ceiling applicable to his housing accommodations on the ground that such maximum-rent ceiling is, due to peculiar circumstances affecting such housing accommodations, substantially higher or lower than the rent generally prevailing for comparable housing accommodations; whereupon the Adminstrator may by order adjust such maximum-rent ceiling to provide the rent generally prevailing for comparable housing accommodations as determined by the Administrator.

"(b) Any landlord may petition the Administrator to adjust the maximum-rent ceiling or minimum-service standard, or both, applicable to his housing accommodations to compensate for (1) a substantial rise in taxes or other maintenance or operating costs or expenses over those prior to January 1, 1951, or (2) a substantial capital improvement including furniture and furnishings or alteration made since January 1, 1951; whereupon the Administrator may by order adjust such maximum-rent ceiling or minimum-service standard in such manner or amount as he deems proper to compensate therefor, in whole or in part, if he finds such adjustment necessary or appropriate to carry out the purposes of this act: *Provided*, That no such adjusted maximum-rent ceiling or minimum-service standard shall permit the receipt of rent in excess of the rent generally prevailing for comparable housing accommodations as determined by the Administrator.

"(c) Any tenant may petition the Administrator on the ground that the service supplied to him is less than the service established by the minimum-service standard for his housing accommodations; whereupon the Administrator may order that the service be maintained at such minimum-service standard, or that the maximum-rent ceiling be decreased to compensate for a reduction in service, as he deems necessary or appropriate to carry out the purposes of this act.

"(d) Any landlord may petition the Administrator for permission to reduce the service supplied by him in connection with any housing accommodations; whereupon the Administrator, if he determines that the reduction of such service is to be made in good faith for valid business reasons and is not inconsistent with carrying out the purposes of this act, may by order, reduce the minimum-service standard applicable to such housing accommodations and adjust the maximum-rent ceiling downward in such amount as he deems proper to compensate therefor.

"(e) Any tenant may petition the Administrator to adjust the maximum-rent ceiling applicable to his housing accommodations on the ground that such maximum-rent ceiling permits the receipt of an unduly high rent; whereupon the Administrator may by order adjust such maximum-rent ceiling in such manner or amount as shall, in his judgment, effectuate the purposes of this act and provide a fair and reasonable rent for such housing accommodations, but not less than the generally prevailing rate for comparable housing accommodations.

"(f) A petition made pursuant to this section shall be subject to the provisions of sections 8 and 9 of this act. Any adjusted maximum-rent ceiling or minimum-service standard order pursuant to this section shall be the maximum-rent ceiling or minimum-service standard for the housing accommodations subject thereto; except that, in the event that the adjustment order is stayed or set aside by the court in accordance with section 9 of this act, the maximum-rent ceiling and minimum-service standard theretofore applicable to such housing accommodations under this act remain in full force and effect.

"(g) Upon the expiration of 45 days after the date of the filing of any petition by any landlord for adjustment of the maximum-rent ceiling under the provisions of subsection (b) of this section, the maximum-rent ceiling for the housing accommodations covered by such petition automatically shall become the ceiling requested in such adjustment petition, unless and until such adjustment petition shall have been finally disposed of by the Administrator or his

office, pursuant to the provisions of this section and the provisions of sections 8 and 9. Upon such final disposition, if the maximum-rent ceiling provided by this subsection during the pendency of such adjustment petition shall exceed the maximum-rent ceiling as finally disposed of by the Administrator or his office, any tenant having paid such excess or any part thereof shall be entitled to a refund to the extent of such payment, but the landlord shall not be liable for any penalties under the provisions of this act.

"PROHIBITIONS

"SEC. 5. (a) It shall be unlawful, regardless of any agreement, lease, or other obligation heretofore or hereafter entered into, for any person to demand or receive any rent in excess of the maximum-rent ceiling, or refuse to supply any service required by the minimum-service standards, or otherwise to do or omit to do any act in violation of any provision of this act or of any regulation, order, or other requirement thereunder, or to offer or agree to do any of the foregoing.

"(b) No action or proceeding to recover possession of housing accommodations shall be maintainable by any landlord against any tenant, notwithstanding that the tenant has no lease or that his lease has expired, so long as the tenant continues to pay the rent to which the landlord is entitled, unless—

"(1) The tenant is (A) violating an obligation of his tenancy (other than an obligation to pay rent righer than rent permitted under this act or any regulation or order thereunder applicable to the housing accommodations involved or an obligation to surrender possession of such accommodations) or (B) is committing a nuisance or using the housing accommodations for an immoral or illegal purpose or for other than living or dwelling purposes; or

"(2) The landlord seeks in good faith to recover possession of the property for his immediate and personal use and occupancy as a dwelling: *Provided*, That in the case of housing accommodations in a structure or premises owned or leased by a cooperative corporation or association, no such action or proceeding under this paragraph or paragraph (3) of this section shall be maintained unless the landlord is a bona fide owner of stock in, or member of, such cooperative corporation or association and has actually paid in in cash at least 30 percent of the full purchase price of the stock, proprietary lease, or other evidence of ownership entitling the landlord to possession of such housing accommodations, or was, immediately prior to the effective date of this amendatory act, entitled to recover possession.

"(3) The landlord has in good faith contracted in writing to sell the property for immediate and personal use and occupancy as a dwelling by the purchaser and that the contract of sale contains a representation by the purchaser that the property is being purchased by him for such immediate and personal use and occupancy; or

"(4) The landlord seeks in good faith to recover possession for the immediate purpose of substantially altering, remodeling, or demolishing the property and replacing it with new construction, the plans for which altered, remodeled, or new construction having been filed with, and approved by, the Commissioners of the District of Columbia; or

"(5) The landlord seeks in good faith to recover possession for the immediate purpose of discontinuing the housing use and occupancy for a continuous period of not less than 6 months, during which period, commencing on the date possession is recovered under this subsection, it shall be unlawful for the owner of such housing accommodations or his agent to demand or receive rent for the same, and any person paying such rent may bring an action for double the amount of rent so paid, pursuant to the provisions of section 10 of the act; or

"(6) The landlord, being a recognized school or an accredited nonprofit university, has a bona fide need for the premises for educational, research, administrative, or dormitory use.

"(c) It shall be unlawful for any person to remove, or attempt to remove, from any housing accommodations the tenant or occupant thereof or to refuse to renew lease or agreement for the use of such accommodations because such tenant or occupant has taken or purposes to take action authorized or required by this act or any regulation, order, or requirement thereunder.

"ADMINISTRATOR

"SEC. 6. There is hereby created in and for the District of Columbia the Office of Administrator of Rent Control. The Administrator shall be appointed by the Commissioners of the District of Columbia and shall be a bona fide resident of the District of Columbia for not less than 3 years prior to his appointment. He shall devote his full time to the Office of Administrator and shall receive a salary at the rate of $11,200 per annum. The Administrator shall establish offices, acquire supplies and equipment, and employ such personnel subject to approval by the Commissioners of the District of Columbia, and in accordance with the Classification Act of 1949, without regard to race or creed, as may be necessary in the performance of his functions under this act. The Administrator shall submit a semiannual report to the Commissioners of the District of Columbia for transmittal to the Congress of the United States.

"OBTAINING INFORMATION

"SEC. 7. (a) The Administrator may make such studies and investigations, and obtain or require the furnishing of such information under oath or affirmation or otherwise, as he deems necessary or proper to assist him in prescribing any regulation or order under this act, or in the administration and enforcement of this act, and regulations and orders thereunder. For such purposes the Administrator may administer oaths and affirmations; may require, by subpena or otherwise, the attendance and testimony of witnesses and the production of documents at any designated place; may require persons to permit the inspection and copying of documents, and the inspection of housing accommodations; and may, by regulation or order, require the making and keeping of records and other documents. No person shall be excused from complying with any requirement under this section because of his privilege against self-incrimination, but the immunity provisions of the Compulsory Testimony Act of February 11, 1893 (U. S. C., 1934 ed., title 49, sec. 46), shall apply with respect to any individual who specifically claims such privilege. In the event of contumacy or refusal to obey any such subpena or requirement under this section, the Administrator may make application to the United States District Court for the District of Columbia for an order requiring obedience thereto. Thereupon the court, with or without notice and hearing, as in its discretion may decide, shall make such order as is proper and may punish as a contempt any failure to comply with such order.

"(b) The Administrator shall have authority to promulgate, issue, amend, or rescind rules and regulations, subject to approval by the Commissioners of the District of Columbia, and to issue such orders as may be deemed necessary or proper to carry out the purposes and provisions of this act or to prevent the circumvention or evasion thereof.

"PROCEDURE

"SEC. 8. (a) Any petition filed by a landlord or tenant under section 4 shall be promptly referred to an examiner designated by the Administrator. Notice of such action, in such manner as the Administrator shall by regulation prescribe, shall be given the tenant and landlord of the housing accommodations involved. If the petition be frivolous or without merit, the examiner shall forthwith dismiss it. Such order of dismissal may be reviewed by the Administrator in the manner provided in subsection (c) of this section. The examiner shall grant a hearing upon the petition except in cases dismissed under this subsection.

"(b) Hearings under this section shall be conducted in accordance with regulations prescribed by the Administrator. The landlord and tenant shall be given an opportunity to be heard or to file written statements, due regard to be given the utility and relevance of the information offered and the need for expedition. In any such hearing the common-law rules of evidence shall not be controlling.

"(c) The examiner, after hearing, shall make findings of fact and recommend an appropriate order. Copies of such findings and order shall be served upon the parties to the proceeding in such manner as the Administrator may prescribe by regulation. Within 10 days after such service, any such party may request that the recommended order be reviewed by the Administrator. If there be no such request within such 10 days, the findings and recommended order of the examiner shall thereupon be deemed to be the findings and order of the Administrator: *Provided*, That the Administrator may review the proceedings, as herein provided, on his own motion at any time within 20 days after service of the examiner's findings and order upon the parties. The Administrator may, in his discretion, grant a hearing upon the request. Upon such request or motion, the record in the case shall be forthwith transferred to the Administrator for review and he may, in his discretion, grant a hearing. He shall state his findings of fact or affirm the examiner's findings of fact, which findings in either case shall be conclusive if supported by substantial evidence, and shall made an appropriate order.

"COURT REVIEW

"SEC. 9 (a) Within 10 days after issuance of an order of the Administrator under section 4, any party may file a petition to review such action in the Municipal Court of Appeals for the District of Columbia and shall forthwith serve a copy of such petition upon the Administrator. Thereupon, the Administrator shall certify and file with the court a transcript of the record upon which the order complained of was entered. Upon the filing of such transcript, the court shall have exclusive jurisdiction to affirm or set aside such order, or remand the proceeding: *Provided*, That the Administrator may at any time, upon reasonable notice and in such manner as he shall deem proper, rescind, modify, or set aside, in whole or in part, any such order at any time notwithstanding the pendency of the petition to review.

"(b) No objection that has not been urged before the Administrator shall be considered by the court unless the failure to urge such objection shall be excused because of extraordinary circumstances. No order shall be set aside or remanded unless the petitioner shall establish to the satisfaction of the court that the order is not in accordance with law, or is not supported by substantial evidence. The commencement of proceedings under this section shall not, except as provided in subsection (d), operate as a stay of the Administrator's order.

"(c) The Municipal Court of Appeals for the District of Columbia is hereby granted

exclusive jurisdiction to review any order of the Administrator made pursuant to section 4 of this act. The judgment and decree of the court shall be final, subject to review as provided by law relative to other judgments of the court.

"(d) No court shall issue any interlocutory order or decree staying the effectiveness of any provision of this act or any regulation or order issued thereunder unless the person objecting to such provision, regulation, or order shall file with the court an undertaking with a surety or sureties satisfactory to the court for the payment, in the event such objection is not sustained, of the amount by which the maximum rent, if any, permitted under such provision, regulation, or order exceeds or is less than the amount actually received or paid while such stay is in effect.

"ENFORCEMENT; PENALTIES

"SEC. 10. (a) If any landlord receives rent or refuses to render services in violation of any provision of this act, or of any regulation or order thereunder prescribing a rent ceiling or service standard, the tenant paying such rent or entitled to such service, or the Administrator on behalf of such tenant, may bring suit to rescind the lease or rental agreement, or, in case of violation of a maximum-rent ceiling, an action for double the amount by which the rent paid exceeded the applicable rent ceiling and, in case of violation of a minimum-service standard, an action for double the value of the services refused in violation of the applicable minimum-service standard or for $50, whichever is greater in either case, plus reasonable attorneys' fees and costs as determined by the court. Any suit or action under this subsection may be brought in the Municipal Court for the District of Columbia regardless of the amount involved, and the municipal court is hereby given exclusive jurisdiction to hear and determine all such cases.

"(b) Any person who willfully violates any provision of this act or any regulation, order, or requirement thereunder, and any person who willfully makes any statement or entry false in any material respect in any document or report required to be kept or filed thereunder, and any person who willfully participates in any fictitious sale or other device or arrangement with intent to evade this act or any regulation, order, or requirement thereunder, shall be prosecuted therefor by the Corporation Counsel of the District of Columbia or an assistant, on information filed in the municipal court for the District of Columbia, and shall upon conviction be fined not more than $1,000 or imprisoned for not more than 1 year, or both.

"(c) No person shall be held liable for damages or penalties in any court on any grounds for or in respect of anything done or omitted to be done in good faith pursuant to any provision of this act or any regulation, order, or requirement thereunder, notwithstanding that subsequently such provision, regulation, order, or requirement may be modified, rescinded, or determined to be invalid. The Administrator may intervene in any suit or action wherein a party relies for ground of relief or defense upon this act or any regulation, order, or requirement thereunder. No costs shall be assessed against the Administrator in any proceedings had or taken in accordance with this act.

"(d) Whenever in the judgment of the Administrator any person has engaged or is about to engage in any acts or practices which constitute or will constitute a violation of this act, or any regulation, order, or requirement thereunder, he may make application to the United States District Court for the District of Columbia for an order enforcing compliance with this act or such regulation, order, or requirement, and upon a proper showing a permanent or temporary injunction, restraining order, or other order shall be granted without bond.

"DEFINITIONS

"SEC. 11. As used in this act—

"(a) The term 'housing accommodations' means any building, structure, or part thereof, or land appurtenant thereto, or any other real or personal property rented or offered for rent for living or dwelling purposes in the District of Columbia together with all services supplied in connection with the use or occupancy of such property; but the term 'housing accommodations' shall not include (1) any of the accommodations in a hotel in which more than 60 percent of the units devoted to living quarters for tenants and guests is used for furnishing accommodations for transients, or the building constituting such hotels; or (2) furnished nonhousekeeping accommodations, whether or not in a hotel, which are rented as rooms without kitchen privileges or facilities for cooking (but not in a suite of two or more rooms); or (3) any building used as a licensed rooming house.

"(b) The term 'services' includes the furnishing of light, heat, hot and cold water, telephone, elevator service, furnishings, furniture, window shades, screens, awnings, and storage; kitchen, bath, and laundry facilities and privileges; maid service; janitor service; the removal of refuse, and the making of all repairs suited to the housing accommodations or necessitated by ordinary wear and tear; and any other privilege or facility connected with the use or occupancy of housing accommodations.

"(c) The term 'rent' means the consideration, including any bonus, benefit, or gratuity, demanded or received per day, week, month, year, or other period of time, as the case may be, for the use or occupancy of housing accommodations or the transfer of a lease for such accommodations.

"(d) The term 'maximum-rent ceiling' means the maximum rent which may be demanded or received for the use or occupancy of housing accommodations or the transfer of a lease for such accommodations.

"(e) The term 'minimum-service standard' means the minimum service which may be supplied in connection with the renting or leasing of housing accommodations.

"(f) The term 'tenant' includes a subtenant, lessee, sublessee, or other person entitled to the use or occupancy of any housing accommodations.

"(g) The term 'landlord' includes an owner, lessor, sublessor, or other person entitled to receive rent for the use or occupancy of any housing accommodations.

"(h) The term 'person' includes one or more individuals, firms, partnerships, corporations, or associations, and any agent, trustee, receiver, assignee, or other representative thereof.

"(i) The term 'documents' includes leases, agreement, records, books, accounts, correspondence, memoranda, and other documents, and drafts and copies of the foregoing.

"SEPARABILITY

"SEC. 12. If any provision of this act or the application of such provision to any person or circumstance shall be held invalid, the validity of the remainder of the act and the applicability of such provision to other persons or circumstances shall not be affected thereby.

"APPROPRIATION

"SEC. 13. There are hereby authorized to be appropriated such funds as may be necessary to carry out the provisions of this act, to be paid out of money in the Treasury of the United States to the credit of the District of Columbia not otherwise appropriated.

"SHORT TITLE

"SEC. 14. This act may be cited as the 'District of Columbia Emergency Rent Act of 1951.'"

SEC. 2. This act shall take effect on the day following the date of its enactment.

The amendment was agreed to.

Mr. HENDRICKSON. Mr. President, by request, I ask that the bill go over.

The PRESIDING OFFICER. Objection is heard, and the bill will go over.

ALCOHOL TESTS OF PERSONS TRIED IN THE DISTRICT OF COLUMBIA FOR CERTAIN OFFENSES

The Senate proceeded to consider the bill (S. 951) to prescribe the weight to be given to evidence of tests of alcohol in the blood, urine, or breath of persons tried in the District of Columbia for certain offenses committed while operating vehicles, which had been reported from the Committee on the District of Columbia with an amendment on page 1, line 8, after "March 3", to strike out "1923" and insert "1925", so as to make the bill read:

Be it enacted, etc., That if, as a result of the operation of a vehicle any person is tried in any court of competent jurisdiction within the District of Columbia for (1) operating such vehicle while under the influence of any intoxicating liquor in violation of section 10 (b) of the District of Columbia Traffic Act, 1925, approved March 3, 1925, as amended (D. C. Code, title 40, sec. 609), (2) negligent homicide in violation of section 802 (a) of the act entitled "An act to establish a code of law for the District of Columbia", approved March 3, 1901, as amended (D. C. Code, title 40, sec. 606), or (3) manslaughter committed in the operation of such vehicle in violation of section 802 of such act approved March 3, 1901 (D. C. Code, title 22, sec. 2405), and in the course of such trial there is received in evidence competent proof to the effect that at the time of such operation—

(1) defendant's blood or urine contained five one-hundredths of 1 percent or less, by weight, of alcohol, or that an equivalent quantity of alcohol was contained in two thousand cubic centimeters of his breath (true breath or alveolar air having 5½ percent of carbon dioxide), such proof shall be deemed prima facie proof that defendant at such time was not under the influence of any intoxicating liquor;

(2) defendant's blood or urine contained more than five one-hundredths of 1 percent, but less than fifteen one-hundredths of 1 percent, by weight, of alcohol, or that an equivalent quantity of alcohol was contained in two thousand cubic centimeters of his breath (true breath or alveolar air having 5½ percent of carbon dioxide), such proof shall constitute relevant evidence, but shall not constitute prima facie proof that defendant was or was not at such time under the influence of any intoxicating liquor; and

(3) defendant's blood or urine contained fifteen one-hundredths of 1 percent or more, by weight, of alcohol, or that an equivalent quantity of alcohol was contained in two thousand cubic centimeters of his breath (true breath or alveolar air having 5½ percent of carbon dioxide), such proof shall constitute prima facie proof that defendant at such time was under the influence of intoxicating liquor.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

Mr. GEORGE subsequently said: Mr. President, was Senate bill 951, Calendar No. 417, passed?

The PRESIDING OFFICER. It was.

Mr. GEORGE. I do not know that I have any objection to it, but I am curi-

ous to know what weight is to be given to evidence of that kind and character. I move that the Senate reconsider the vote by which the bill was passed, in order that the bill may go over until I have had an opportunity to look into it.

The PRESIDING OFFICER. The question is on the motion of the Senator from Georgia to reconsider the vote by which Senate bill 951 was passed.

The motion was agreed to.

The PRESIDING OFFICER. The bill will go to the calendar.

TAKING AND DESTRUCTION OF DANGEROUS WEAPONS IN CERTAIN CASES

The Senate proceeded to consider the bill (S. 493) to require the taking and destruction of dangerous weapons in certain cases, and for other purposes, which had been reported from the Committee on the District of Columbia with amendments on page 4, line 14, after the word "carried", to strike out "with the knowledge or consent of the claimant" and insert "by the claimant or with his knowledge or consent", and in line 25, after the word "destroyed", to insert "In lieu of such destruction, any such serviceable dangerous article may, upon order of the Commissioners of the District of Columbia, be transferred to and used by any Federal or District Government law-enforcing agency, and the agency receiving same shall establish property responsibility and records of these dangerous articles.", so as to make the bill read:

Be it enacted, etc., That the act entitled "An act to control the possession, sale, transfer, and use of pistols and other dangerous weapons in the District of Columbia, to provide penalties, to prescribe rules of evidence, and for other purposes," approved July 8, 1932 (D. C. Code, 1940 edition, secs. 22-3201 to 22-3216), is hereby amended by adding at the end thereof the following new section:

"SEC. 18. (a) As used in this section, the term 'dangerous article' means (1) any weapon such as a pistol, machine gun, sawed-off shotgun, blackjack, slingshot, sandbag, or metal knuckles, or (2) any instrument, attachment, or appliance for causing the firing of any firearms to be silent or intended to lessen or muffle the noise of the firing of any firearms.

"(b) A dangerous article unlawfully owned, possessed, or carried is hereby declared to be a nuisance.

"(c) When a police officer, in the course of a lawful arrest or lawful search, discovers a dangerous article which he reasonably believes is a nuisance under subsection (b) he shall take it into his possession and surrender it to the property clerk of the Metropolitan Police Department.

"(d) (1) Within 30 days after the date of such surrender, any person may file in the office of the property clerk of the Metropolitan Police Department a written claim for possession of such dangerous article. Upon the expiration of such period, the property clerk shall notify each such claimant, by registered mail addressed to the address shown on the claim, of the time and place of a hearing to determine which claimant, if any, is entitled to possession of such dangerous article. Such hearing shall be held within 60 days after the date of such surrender.

"(2) At the hearing the property clerk shall hear and receive evidence with respect to the claims filed under paragraph (1). Thereafter he shall determine which claimant, if any, is entitled to possession of such dangerous article and shall reduce his decision to writing. The property clerk shall send a true copy of such written decision to each claimant by registered mail addressed to the last known address of such claimant.

"(3) Any claimant may, within 30 days after the day on which the copy of such decision was mailed to such claimant, file an appeal in the municipal court for the District of Columbia. If the claimant files an appeal, he shall at the same time give written notice thereof to the property clerk. If the decision of the property clerk is so appealed, the property clerk shall not dispose of the dangerous article while such appeal is pending and, if the final judgment is entered by such court, he shall dispose of such dangerous article in accordance with the judgment of such court. The municipal court for the District of Columbia is authorized to determine which claimant, if any, is entitled to possession of the dangerous article and to enter a judgment ordering a disposition of such dangerous article consistent with subsection (f).

"(4) If there is no such appeal, or if such appeal is dismissed or withdrawn, the property clerk shall dispose of such dangerous article in accordance with subsection (f).

"(5) The property clerk shall make no disposition of a dangerous article under this section, whether in accordance with his own decision or in accordance with the judgment of the municipal court for the District of Columbia, until the United States attorney for the District of Columbia certifies to him that such dangerous article will not be needed as evidence.

"(e) A person claiming a dangerous article shall be entitled to its possession only if (1) he shows on satisfactory evidence that he is the owner of the dangerous article or is the accredited representative of the owner, and that the ownership is lawful; and (2) he shows on satisfactory evidence that at the time the dangerous article was taken into possession by a police officer it was not unlawfully owned and was not unlawfully possessed or carried by the claimant or with his knowledge or consent; and (3) the receipt of possession by him will not cause the article to be a nuisance. A representative is accredited if he has a power of attorney from the owner.

"(f) If a person claiming a dangerous article is entitled to its possession as determined under subsections (d) and (e), possession of such dangerous article shall be given to such person. If no person so claiming is entitled to its possession as determined under subsections (d) and (e), or if there be no claimant, such dangerous article shall be destroyed. In lieu of such destruction, any such serviceable dangerous article may, upon order of the Commissioners of the District of Columbia, be transferred to and used by any Federal or District Government law-enforcing agency, and the agency receiving same shall establish property responsibility and records of these dangerous articles.

"(g) The property clerk shall not be liable in damages for any action performed in good faith under this section."

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

AMENDMENT OF SECTION 824 OF THE CODE OF LAWS FOR THE DISTRICT OF COLUMBIA

The bill (S. 258) to amend section 824 of the Code of Laws for the District of Columbia was announced as next in order.

The PRESIDING OFFICER. Is there objection?

Mr. SCHOEPPEL. May we have an explanation of this bill?

Mr. WELKER. Mr. President, Senate bill 258, Calendar No. 419, was reported unanimously by the Committee on the District of Columbia, after having taken testimony, which showed to the committee that, because of the lack of proper legislation, it was possible for vandals and trespassers within the District of Columbia actually to invade public buildings, completely wreck them, and be subject to no process whatever under the peculiar laws of the District. I felt at the time that the general law, or the old common law of malicious mischief, would cover such offenses, but upon investigation, and interrogation of the Corporation Counsel, we found that, within the District there is no law applicable.

A custodian or an officer on public ground, or in a public building, without process, can evict a trespasser therefrom, but I call the attention of the Senate to the startling testimony which was taken before the committee to the effect that actual sexual perverts, men who were waiting to commit the overt act, would lie in wait, lurking around different school grounds within the District of Columbia, and school officials and the police department were helpless to evict them or to do anything else about it.

This bill gives custodians and police officers the power to evict trespassers from school grounds. Upon careful examination, and after listening to the testimony of some of the school principals in the District of Columbia who testified in behalf of this bill, and after listening to the testimony of members of the police department, I have reached the conclusion that the bill would be sound legislation.

The PRESIDING OFFICER. Is there objection?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 824 of the Code of Laws for the District of Columbia, as amended, is hereby amended to read as follows:

"SEC. 824. Unlawful entry on public or private property: Any person who, without lawful authority, shall enter, or attempt to enter, any public or private dwelling, building, or other property, or part of such dwelling, building, or other property against the will of the lawful occupant or of the person lawfully in charge thereof, or being therein or thereon, without lawful authority to remain therein or thereon shall refuse to quit the same on the demand of the lawful occupant, or of the person lawfully in charge thereof, shall be deemed guilty of a misdemeanor and on conviction thereof shall be punished by a fine not exceeding $50 or imprisonment in jail for not more than 6 months, or both, in the discretion of the court."

AUTHORITY FOR PRESIDENT TO SET ASIDE CERTAIN REQUIREMENTS OF NAVY AND MARINE CORPS SECTIONS OF OFFICER PERSONNEL ACT

The bill (H. R. 4200) to make certain revisions in titles I through IV of the Officer Personnel Act of 1945, as amended, and for other purposes, was announced as next in order.

The PRESIDING OFFICER. The Chair understands that this bill is largely

a companion bill to Senate bill 841, Calendar 292.

Mr. STENNIS. Mr. President, as the Chair has stated, this is largely a companion bill to Senate bill 841, Calendar 292, which was sent to the foot of the Calendar when called a few moments ago. The principal purpose of this bill is to take care of a situation arising under the present law, which was enacted largely for peacetime purposes. Under that law there is a very rigid rule which applies to the promotion of naval officers. Briefly stated, under the rule, when an officer is not promoted the second time he comes up before the Board of Promotion, he automatically goes out of the service, even though he may be fully qualified and competent to fill the role of the office which he has been holding.

Under the operation of that rule, approximately 300 officers will have to go out of the service on June 30 of this year, unless a new rule is adopted. This bill is designed to supply such a rule. In substance, it merely gives the President the authority during war, or during the existence of a declared emergency, to suspend the operation of the present rule.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill.

Mr. BUTLER of Maryland. Mr. President, I send to the desk an amendment to the bill, which I ask to have read. The amendment which I offer will be found in the report of the Committee on Armed Services, of June 23, 1949, on Senate bill 780, Calendar 559, Report No. 562.

The PRESIDING OFFICER. The clerk will read the amendment.

The LEGISLATIVE CLERK. At the proper place in the bill, it is proposed to insert:

SEC. 3. That the Secretary of the Navy is directed to appoint a board of commissioned naval and Marine Corps officers within 6 months of the date of approval of this act to review the records of commissioned officers on the active or retired list of the Regular Navy and Marine Corps who failed of advancement at any time between June 30, 1942, and August 7, 1947, to determine if there was any error, administrative delay, oversight, or injustice that caused the officer concerned to fail of an advancement in grade or rank which would otherwise have been made. The board shall consider all matters of record and receive new matter introduced by affidavit, deposition, or personal appearance of the officer concerned at his own request in order to determine whether or not any error, oversight, administrative delay, or injustice operated to the disadvantage of the officer concerned and caused a failure of advancement otherwise due.

SEC. 4. Upon the determination by the board that an error, oversight, administrative delay, or injustice occurred that substantially prejudiced the officer concerned, the board shall consider, determine, and recommend the grade or rank to which the officer so prejudiced shall be advanced and the date of commission which should be issued in order to restore such officer to the position on active duty or on the retired list which he would have occupied but for the error, oversight, administrative delay, or injustice: *Provided*, That no advancement to a grade or rank higher than that of captain in the Navy or colonel in the Marine Corps shall be recommended by the board.

SEC. 5. The Secretary of the Navy shall review the recommendations of the board and, in any case approved by him shall promote such officer, subject to the approval of the President in each case, to such grade or ranks as the board may recommend and issue a commission with the date of rank recommended by the board. The approval or disapproval of the President in each case shall finally and conclusively determine the rights of officers concerned: *Provided*, That no officer who is on the retired list on the date of approval of this act shall be placed on active duty by the operation of this act.

SEC. 6. The pay and allowances of any such officer advanced to a higher grade or rank in accordance with the provisions of this act shall commence on the date of the approval of his case by the President, and shall be the pay allowances of an officer of similar length of service in the grade or rank to which advanced. Officers advanced in accordance with the provisions of this act, if in excess of the authorized number of the grade to which promoted, shall be carried as extra numbers in that grade.

SEC. 7. Officers on the active list advanced under the provisions of this act shall be promoted by the Secretary of the Navy only after establishing their fitness for promotion in accordance with sections 1493 and 1496 of the Revised Statutes.

Mr. BUTLER of Maryland. Mr. President, the amendment is identical with the bill which was passed by the Senate at the last session. It affects only two officers. I think the Senators who considered the matter in the Armed Services Committee felt that some injustice has been done these men. They recommended that the bill pass, and it did pass the Senate, but was held up in the House. I feel it is only common justice that the amendment be accepted by the committee so that it can be taken to conference.

Mr. STENNIS. Mr. President, the amendment is substantially the same, as the Senator has stated, as the bill which passed the Eighty-first Congress on the same subject.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Maryland.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read the third time.

The bill was read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill 841 is indefinitely postponed.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Chaffee, one of its reading clerks, announced that the Speaker had affixed his signature to the enrolled bill (S. 927) to amend section 6 of the Central Intelligence Agency Act of 1949, and it was signed by the Vice President.

PROTECTION AGAINST MISBRANDING, ETC., OF FUR PRODUCTS AND FURS

The bill (H. R. 2321) to protect consumers and others against misbranding, false advertising, and false invoicing of fur products and furs, was announced as next in order.

Mr. LODGE. Mr. President, I ask that the bill go over.

Mr. JOHNSON of Colorado. Mr. President, House bill 2321 is the same as Senate bill 508, Calendar No. 80 which has been placed at the foot of the calendar. Would the Senator from Massachusetts be willing to let this bill go to the foot of the calendar?

Mr. LODGE. Mr. President, the amendment which I propose to offer is specifically to the Senate bill. While the House bill is similar in tone, it is not identical, and I wish to offer my amendment to the Senate bill.

Mr. JOHNSON of Colorado. That is the bill to which we want the amendment to be offered.

Mr. LODGE. I shall be glad to withdraw my objection so that House bill 2321, Calendar No. 422, may go to the foot of the calendar with Senate bill 508, Calendar No. 80.

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

GRANT OF ANNUAL AND SICK LEAVE BENEFITS TO CERTAIN EMPLOYEES IN POSTAL SERVICE

The bill (H. R. 3605) to amend section 6 of Public Law 134, approved July 6, 1945, as amended, to grant annual and sick leave privileges to certain indefinite substitute employees in the postal service, was announced as next in order.

Mr. HENDRICKSON. Reserving the right to object, I wish we might have a statement or estimate of the cost of this bill.

Mr. PASTORE. Mr. President, all this bill does is to extend to temporary employees the same annual and sick leave privileges now being enjoyed by permanent postal employees.

Mr. HENDRICKSON. I take it, then, there is no cost involved in the bill?

Mr. PASTORE. I should think there would be. It is a privilege which they are not now enjoying, and if they are going to enjoy the privilege it will cost some money.

Mr. HENDRICKSON. I am interested in knowing the actual cost.

Mr. CARLSON. Mr. President, I think the report states that there will be no additional cost for the present fiscal year. It is true that there will be additional cost, but not for the present fiscal year, because it was anticipated when the budget for the Post Office Department was presented to Congress.

Mr. HENDRICKSON. What will the cost be next year?

Mr. CARLSON. I do not believe I can give the distinguished Senator a correct estimate of the cost, because I did not inquire. But if the Senator from New Jersey will be kind enough to withhold his objection, I should like to offer an amendment.

The PRESIDING OFFICER. Is there objection to the consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (H. R. 3605) to amend section 6 of Public Law 134, approved July 6, 1945, as amended, to grant annual and sick leave privileges to certain indefinite substitute employees in the postal service.

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

The PRESIDING OFFICER. The clerk will state the amendment.

The LEGISLATIVE CLERK. On page 2, between lines 9 and 10, it is proposed to insert a new section, as follows:

SEC. 2. Such section is further amended by (a) striking out "fifteen" wherever it appears and inserting in lieu thereof "twenty," and (b) by striking out "one and one-quarter" and inserting in lieu thereof "one and two-thirds."

On page 2, strike out line 10 and insert in lieu thereof the following:

"SEC. 3. (a) The amendment made by the first section of this act to such act."

On page 2, after line 4, insert the following:

"(b) The amendment made by section 2 of this act to such act of July 6, 1945, as amended, shall take effect as of July 1, 1951."

Mr. CARLSON. Mr. President, all this amendment does is to increase the annual leave of post office employees from 15 to 20 days, which is in conformity with the Senate's action some days ago in connection with the Douglas amendment to the independent offices appropriation bill. The postal employees of the Nation have had 15 days leave, and this amendment will bring the particular proposed legislation into compliance with what I think is the action of the Senate.

It is my opinion that it would be no more than elementary justice to bring the vacation and sick leave privileges of postal employees up to the level granted other Federal workers in these two respects.

Uncle Sam demands of his mail carriers and postal clerks a high degree of intelligence. He also demands hard work of them. In my opinion, the postal employee is the highest type of public servant developed in this country. Postal employees are the hardest working and the closest in their contacts with the people.

Not many days ago the argument was presented on the floor of the Senate that some Government employees, in addition to their annual and sick leave privileges, are given additional time off for ceremonial occasions, and during the summer days when the temperature rises to such an extent that the efficiency of the employee is lessened, they are given additional time. I submit, Mr. President, that none of these extensions of the leave privilege applies to letter carriers and postal clerks. They are on the job regardless of ceremonial occasions; they are on the job whether it is raining, snowing, or sleeting; and the lights burn in our post offices all over the Nation throughout the night.

Vacation time is properly given to employees in order to permit them to rest, recuperate, and to revive their energies. I know of no group who need this privilege more than do postal employees.

Perhaps it will be remembered by many of my colleagues that during the Eightieth Congress the Trundle Engineering Co., of New York City, conducted a survey of the Cleveland, Ohio, post office with spot checks at three other large post offices. As a result of their study they found that 84 percent of the sick leave hours allotted to the carrier force in that office were used during the 12-month period under examination. They also discovered during their investigation that 83 percent of the annual leave was used. In addition, 17 percent of the man-hours allotted to the office were used without pay because the employee had consumed all his annual leave and sick leave.

More recently, the Federal Security Agency, through the Bureau of Employees Compensation, issued figures to show that during a 12-month period 262,000 clerks and supervisors lost a total of 56,750 days for occupational reasons. During the same 12-month period, 130,000 letter carriers lost 115,900 days for occupational reasons. I think these figures reflect the arduous and hazardous type of work inherent in postal duty.

According to the best information I can obtain, and I believe it is reasonably accurate, approximately 500,000 postal employees will be affected by any change in their annual- and sick-leave privileges.

I believe the sense of this body was clearly indicated by its vote the other day of nearly 2 to 1 on the question of annual- and sick-leave benefits for Federal employees, not including the postal service. It seems to me that decency and fairness require that we now enact legislation to equalize vacation and sick-leave privileges for all Federal employees by granting to postal employees the same 20 days' vacation time and the same 15 days' sick leave accorded their colleagues in the other agencies and departments of the Government.

However, in view of the fact that there is still some question as to the amount of sick leave to be granted Federal employees during this session of Congress, I shall limit my amendment to annual leave only.

I may say to my distinguished friend from New Jersey that the total annual cost for the increase in annual leave to 20 days will be $23,000,000. I believe the distinguished Senator from Illinois [Mr. DOUGLAS] stated on the floor of the Senate this week that if the leave were granted for all classified employees and postal employees, the Federal Government would save $200,000 on the 20-day basis.

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

Mr. CARLSON. I yield.

Mr. HENDRICKSON. In view of the very excellent explanation made by the Senator from Kansas of his amendment, I want to make it clear that I have no objection to the bill. As a matter of fact, I am for the bill and have been right along. However, I wanted the RECORD to show something as to the cost, so the RECORD would be complete in that respect.

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

Mr. CARLSON. I am glad to yield to the Senator from South Dakota.

Mr. CASE. I should like to say to the Senator from Kansas that I think he is to be commended for bringing this matter to a head. As he knows, there has been pending before the Committee on Post Office and Civil Service a bill which I introduced at the beginning of this session, which proposes for the duration of the emergency to make the annual leave of regular employees of the Federal Government the same as that of the postal employees; which would reduce the leave in regular classified service to 15 days, and establish the principle of being the same as that of the postal employees. It was my expectation that when the national emergency ended they would both be advanced to whatever common point was agreed up. It was my thought that the final compromise would result in about 20 days, which is what the effect of the amendment offered by the Senator from Kansas would bring about.

The action of the Senate the other day in reducing the annual leave of the regular employees to 20 days, has indicated that the Senate feels that that is the figure that should be attained. In view of that I am happy to see that the Senator from Kansas has offered his amendment to establish the 20-day uniform principle. Certainly there is no justification for having one standard of leave for one branch of the Federal Civil Service, and another standard for another branch. The 20 days do establish practically a month's vacation, because with the 40-hour week or the 5-day workweek, it means 4 weeks, and that is comparable to the 4 weeks provided when we had a 6-day week and a 26-day leave. So, the over-all vacation time will be about the same as it was originally before the change in the number of hours per working week. The Senator from Kansas certainly has brought the matter to a head, and I hope his amendment will be agreed to.

Mr. LONG. Mr. President, reserving the right to object, the amendment seems to me to present a subject which probably should be given study. I understand the bill now before the Senate involves leave only for temporary employees, and at a negligible cost. The proposed amendment would make this a bill which would cost, according to the author of the amendment, about $23,000,000.

Mr. President, I have had some familiarity with the problem, having at one time served on the committee dealing with the matter, and having given it some consideration. I reserve judgment on the amendment. I am inclined to think that I shall be for the proposed increase in leave for postal employees. However, it seems to me that the matter should be considered in connection with the bill the Post Office and Civil Service Committe is studying for a flexible leave schedule; and that it also might be well to wait and see what the conferees will bring out in conference on the amendment offered by the Senator from Illinois [Mr. DOUGLAS] to the Independent Offices appropriation bill. Therefore, I believe it would be premature to pass this measure; that it is best at this time not to do so until we know what the action of the conferees will be on the Douglas amendment and until we see what the Committee on Post Office and Civil Service will do with this problem. Therefore I object.

Mr. CARLSON. Mr. President, will the Senator withhold his objection for a moment?

Mr. LONG. Yes.

Mr. CARLSON. I appreciate the Senator's position. I happen to be a member of the Senate Committee on Post Office and Civil Service. The distinguished Senator from Rhode Island [Mr. PASTORE] and other members of the committee have been spending a great deal of time studying these various proposals. The particular matter in question is being studied, and they are no doubt getting ready to make recommendations. The Senator from South Dakota [Mr. CASE], among others, has a bill dealing with the subject.

I wish to say that if my amendment to this bill is adopted it, too, will go to conference. The bill we are considering is a House bill. The conferees on the part of the House and the Senate can work the matter out. The Committee on Post Office and Civil Service can work in conjunction with the Appropriations Committee, which has already acted on an amendment which will take care of the postal employees.

I certainly feel that the Senator from Louisiana would not object to having the postal employees have their case presented in a conference committee. The amendment can be considered both by the Post Office and Civil Service Committee and the Appropriations Committee. I sincerely hope the Senator from Louisiana will not object to the immediate consideration of the bill and my amendment.

Mr. LONG. Mr. President, reserving the right to object, I wish to say that I have no reason to question the suggestion made by the Senator from Kansas. However, I believe the subject has not been studied by a committee. It should be studied by a committee and reported from a committee. I am told that the cost of the proposed amendment will be $23,000,000. I believe it is well to take a look at the figures and see if that is what it will cost. It might be well also to consider it in connection with the bill which is before the committee to provide a flexible-leave schedule, which would provide more leave for some of the postal employees even than provided by the present proposed amendment. Therefore, believing that this is a matter that should receive further consideration, I object.

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

Mr. LONG. Yes.

Mr. PASTORE. If I understand correctly, when the question was raised by the Senator from South Dakota that the annual leave matter was being studied by the Committee on Post Office and Civil Service, we were made to understand that the reduction of the leave from 26 to 20 days was merely to be construed as the sense of the Senate; that we wanted a reduction in annual leave, and that it should be in the neighborhood of 20 days. By the same token, it strikes me that if we adopt the amendment which has been suggested by the distinguished Senator from Kansas, we would do nothing more than again express the sense of the Senate that the period of leave should be increased, insofar as the postal employees are concerned, to 20 days. I hope the Senator will consider that point. I should like to associate myself with everything the distinguished Senator from Kansas has said. If we are ever going to accomplish anything along this line, now is the time to express the sense of the Senate with respect to postal clerks as we have done with respect to other Federal employees.

Mr. LONG. Mr. President, reserving the right to object, and with all due deference to Senators who are presenting very appealing arguments, I wish to say that they are among those who had the idea that we should not adopt the Douglas amendment in the first place because the Committee on Post Office and Civil Service had not had an opportunity to study the matter and express itself.

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

Mr. LONG. I yield.

Mr. PASTORE. If our arguments in that respect had been heeded and the matter had been left to the committee I would agree with the Senator wholeheartedly. But, inasmuch as the Senate took it upon itself to reduce the time of leave of civil-service employees it seems to me it is only proper that now with reference to postal employees we increase the period of leave to equal the period of leave of other civil-service employees, and to demonstrate that it is the sense of the Senate that such period of leave be granted.

Mr. CASE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. CASE. The Senator from South Dakota may have misconstrued the situation, but if my understanding is correct, the bill is already under consideration. At least I thought I heard the clerk read the amendment. How could the amendment have been read if the Senate had not agreed to consider the bill?

The PRESIDING OFFICER. The Chair is advised that objection can be raised to a bill at any time.

Mr. CASE. Even after the bill has been taken up for consideration and amendments have been offered?

The PRESIDING OFFICER. Yes.

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

The PRESIDING OFFICER. Does the Senator from Louisiana further object?

Mr. LONG. Reserving the right to object, I am glad to yield to the Senator from Kansas.

Mr. CARLSON. Mr. President, when the distinguished chairman of our committee the junior Senator from South Carolina [Mr. JOHNSTON] was called out of town day before yesterday he made the very distinct and direct statement to me that he hoped that at the very first opportunity an amendment providing for 20 days' leave for the postal employees would be offered. He said that if he were present he would offer such an amendment, and he requested that if I were present when such opportunity presented itself, I offer such an amendment. I wanted the distinguished Senator from Louisiana to know that this is not merely my own idea. I have talked with the chairman of the committee about it, and I sincerely hope the Senator from Louisiana will not object at this time.

Mr. LODGE. Mr. President, will the Senator from Louisiana withhold his objection so I may make a statement to the Senator from Kansas?

Mr. LONG. I withhold my objection.

Mr. LODGE. I wish to commend the Senator from Kansas for the statement he has made about the proposed legislation. It represents an objective which I have tried to achieve in proposed legislation which I have sponsored in the past. I think the arguments which he has made for it are convincing. The argument of the Senator from Rhode Island is also extremely pertinent. In my judgment this bill represents a measure of justice to the postal workers which is long overdue.

Mr. LONG. Mr. President, reserving the right to object, I believe I have fully stated my reasons for objecting to this proposed legislation. Possibly at a future call of the calendar I may be willing to see the bill go through by unanimous consent. However, I do not believe that this is an orderly way to proceed, and I must insist on my objection.

The PRESIDING OFFICER. The bill will be passed over.

EXTENSION FOR 2 YEARS OF FREE POSTAGE SERVICE FOR TROOPS IN KOREA AND OTHER SPECIFIED AREAS

The bill (H. R. 4393) to extend for 2 years the period during which free postage for members of the Armed Forces of the United States in Korea and other specified areas shall be in effect was announced as next in order.

Mr. MAGNUSON. Mr. President, reserving the right to object—and I shall not object—I think the RECORD should show what "other specified areas" are referred to. The bill extends for a 2-year period free postage service for members of the Armed Forces in Korea and other specified areas. I was wondering what other specified areas are involved.

Mr. PASTORE. Mr. President, it is my understanding that this is merely an extension of the present law. We have today unanimously passed another bill which extends these privileges to all our boys in the armed services, no matter where they may happen to be. The bill which we have passed includes this provision, but because of the fact that the law will expire on June 30, and the House has already acted on this bill, we felt that it should be acted upon as a separate measure, so that the President may have the opportunity to sign it before the present act expires. This is merely an extension for a 2-year period of the present law.

Mr. MAGNUSON. I understand that the Senate passed a bill which covered other parts of the world, and that this bill covers only the Korean combat area. I should like to go further and cover all territory outside continental United States.

Mr. PASTORE. We have already passed that bill. This is merely an extension of the present law. This bill has been passed by the House. The term "other specified areas" has not been fully defined.

Mr. MAGNUSON. That is what I understand. I was hoping that the Senate would stand by its original action, particularly with respect to the area outside continental United States.

Mr. PASTORE. We have already taken that action.

Mr. MAGNUSON. This would be a windfall if something should happen to the other bill.

Mr. PASTORE. It would not be a windfall. If the other bill should not pass the House and go to the President, and June 30 should arrive, the law would automatically expire. Therefore, the boys in Korea could not send their mail free.

Mr. MAGNUSON. So this is double protection.

Mr. PASTORE. Yes.

Mr. CARLSON. Mr. President, I sincerely hope that there will be no objection to this bill.

Mr. MAGNUSON. There is no objection.

Mr. CARLSON. If this bill is not approved, within the next few days the present law will expire. It is most essential that this bill be passed and sent to the President.

Mr. MAGNUSON. I was not making an objection. I wished to go further than the bill goes.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

INTERSTATE COMPACT TO CONSERVE OIL AND GAS

The joint resolution (S. J. Res. 42) consenting to an interstate compact to conserve oil and gas was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Resolved, etc., That the consent of Congress is hereby given to an extension and renewal for a period of 4 years from September 1, 1951, of the Interstate Compact To Conserve Oil and Gas, which was signed by the city of Dallas, Tex., the 16th day of February 1935 by the representatives of Oklahoma, Texas, California, and New Mexico, and at the same time and place was signed by the representatives, as a recommendation for approval to the Governors and Legislatures, of the States of Arkansas, Colorado, Illinois, Kansas, and Michigan, and prior to August 27, 1935, said compact was presented to and approved by the Legislatures and Governors of the States of New Mexico, Kansas, Oklahoma, Illinois, Colorado, and Texas, which said compact so approved by the six States last above named was deposited in the Department of State of the United States, and thereafter such compact was, by the President, presented to the Congress, and the Congress gave consent to such compact by House Joint Resolution 407, approved August 27, 1935 (Public Resolution No. 64, 74th Cong.), and which said compact was thereafter extended and renewed for a period of 2 years from September 1, 1937, by an agreement executed as of the 10th day of May 1937 by representatives of the States of Oklahoma, Texas, Kansas, New Mexico, Illinois, and Colorado, and was deposited in the Department of State of the United States, and thereafter such extended and renewed compact was, by the President, presented to the Congress and the Congress gave consent to such extended and renewed compact by Senate Joint Resolution 183, approved August 10, 1937 (Public Resolution No. 57, 75th Cong.), and which said compact was thereafter extended and renewed for a period of 2 years from September 1, 1939, by an agreement duly executed and ratified by the States of Oklahoma, Texas, Kansas, Colorado, New Mexico, and Michigan, and was deposited in the Department of State of the United States, and thereafter such extended and renewed compact was, by the President, presented to the Congress and the Congress gave consent to such extended and renewed compact by House Joint Resolution 329, approved July 20, 1939 (Public Resolution No. 31, 76th Cong.), and which said compact was thereafter extended and renewed for a period of 2 years from September 1, 1941, by an agreement duly executed and ratified by the States of Texas, Oklahoma, Kansas, Colorado, New Mexico, Illinois, Michigan, Arkansas, Louisiana, New York, and Pennsylvania, and was deposited in the Department of State of the United States, and thereafter such extended and renewed compact was, by the President, presented to Congress and the Congress gave consent to such extended and renewed compact by House Joint Resolution 228, approved August 21, 1941 (Public Law 246, 77th Cong.), and which compact was thereafter extended and renewed for a period of 4 years from September 1, 1943, by an agreement executed and ratified by representatives of the States of Kansas, Oklahoma, Texas, Colorado, New Mexico, Arkansas, Louisiana, and Kentucky, and was deposited in the Department of State of the United States and thereafter such extended and renewed compact was, by the President of the United States, presented to Congress and the Congress gave consent to such extended and renewed compact by House Joint Resolution 139, approved July 7, 1943 (Public Law 117, 78th Cong.), and thereafter the representatives of the States of Montana, West Virginia, Alabama, Illinois, Michigan, New York, Pennsylvania, Ohio, Florida, Tennessee, and Indiana executed counterparts of said agreement, and said counterparts so executed were deposited in the Department of State of the United States; and which compact was thereafter extended and renewed for a period of 4 years from the 1st day of September 1947 by an agreement executed and ratified by the representatives of the States of Alabama, Arkansas, Colorado, Florida, Kansas, Louisiana, Montana, New Mexico, New York, Ohio, Oklahoma, Pennsylvania, Texas, Tennessee, West Virginia, and Indiana, which was deposited in the Department of State of the United States, and such extended and renewed compact was, by the President of the United States, presented to Congress and Congress gave its consent to such extended and renewed compact by Senate Joint Resolution 122 (Public Law 184, 80th Cong.); and thereafter the representatives of the States of Kentucky, Illinois, Mississippi, and Michigan executed counterparts of said agreement, which executed counterparts were deposited in the Department of State of the United States. The agreement to extend and renew said compact for a period of 4 years from September 1, 1951, to September 1, 1955, duly executed by the representatives of Alabama, Arkansas, Colorado, Florida, Indiana, Kentucky, Louisiana, Michigan, Mississippi, Montana, New Mexico, New York, Ohio, Oklahoma, Pennsylvania, Tennessee, Texas, and West Virginia, has been deposited in the Department of State of the United States, and reads as follows:

"AN AGREEMENT TO EXTEND THE INTERSTATE COMPACT TO CONSERVE OIL AND GAS

"Whereas, on the 16th day of February, 1935, in the City of Dallas, Texas, there was executed 'An Interstate Compact to Conserve Oil and Gas' which was thereafter formally ratified and approved by the States of Oklahoma, Texas, New Mexico, Illinois, Colorado, and Kansas, the original of which is now on deposit with the Department of State of the United States, a true copy of which follows:

"'AN INTERSTATE COMPACT TO CONSERVE OIL AND GAS

"'ARTICLE I

"'This agreement may become effective within any compacting state at any time as prescribed by that state, and shall become effective within those states ratifying it whenever any three of the states of Texas, Oklahoma, California, Kansas, and New Mexico have ratified and Congress has given its consent. Any oil-producing state may become a party hereto as hereinafter provided.

"'ARTICE II

"'The purpose of this compact is to conserve oil and gas by the prevention of physical waste thereof from any cause.

"'ARTICLE III

"'Each state bound hereby agrees that within a reasonable time it will enact laws, or if laws have been enacted, then it agrees to continue the same in force, to accomplish within reasonable limits the prevention of:

"'(a) The operation of any oil well with an inefficient gas-oil ratio.

"'(b) The drowning with water of any stratum capable of producing oil or gas, or both oil and gas, in paying quantities.

"'(c) The avoidable escape into the open air or the wasteful burning of gas from a natural gas well.

"'(d) The creation of unnecessary fire hazards.

"'(e) The drilling, equipping, locating, spacing or operating of a well or wells so as to bring about physical waste of oil or gas or loss in the ultimate recovery thereof.

"'(f) The inefficient, excessive or improper use of the reservoir energy in producing any well.

"'The enumeration of the foregoing subjects shall not limit the scope of the authority of any state.

"'ARTICLE IV

"'Each state bound hereby agrees that it will, within a reasonable time, enact statutes, or if such statutes have been enacted then that it will continue the same in force, providing in effect that oil produced in violation of its valid oil and/or gas conservation statutes or any valid rule, order or regulation promulgated thereunder, shall be denied access to commerce; and providing for stringent penalties for the waste of either oil or gas.

"'ARTICLE V

"'It is not the purpose of this compact to authorize the states joining herein to limit the production of oil or gas for the purpose of stabilizing or fixing the price thereof, or create or perpetuate monopoly, or to promote regimentation, but is limited to the purpose of conserving oil and gas and preventing the avoidable waste thereof within reasonable limitations.

"'ARTICLE VI

"'Each State joining herein shall appoint one representative to a commission hereby constituted and designated as the Interstate Oil Compact Commission, the duty of which said commission shall be to make inquiry and ascertain from time to time such methods, practices, circumstances and conditions as may be disclosed for bringing about conservation and the prevention of physical waste of oil and gas, and at such intervals as said commission deems beneficial it shall report its findings and recommendations to the several States for adoption or rejection.

"'The Commission shall have power to recommend the coordination of the exercise of the police powers of the several states within their several jurisdictions to promote the maximum ultimate recovery from the petroleum reserves of said states, and to recommend measures for the maximum ultimate recovery of oil and gas. Said Commission shall organize and adopt suitable rules and regulations for the conduct of its business.

"'No action shall be taken by the Commission except: (1) by the affirmative votes of the majority of the whole number of the compacting States represented at any meeting, and (2) by a concurring vote of a majority in interest of the compacting States at said meeting, such interest to be determined as follows: such vote of each State shall be in the decimal proportion fixed by the ratio of its daily average production during the preceding calendar half-year to the daily average production of the compacting States during said period.

"'ARTICLE VII

"'No State by joining herein shall become financially obligated to any other State, nor shall the breach of the terms hereof by any State subject such State to financial responsibility to the other States joining herein.

"'ARTICLE VIII

"'This compact shall expire September 1, 1937. But any State joining herein, may upon sixty (60) days notice, withdraw herefrom.

"'The representatives of the signatory States have signed this agreement in a single original which shall be deposited in the archives of the Department of State of the United States, and a duly certified copy shall be forwarded to the Governor of each of the signatory States.

"'This compact shall become effective when ratified and approved as provided in Article I. Any oil-producing State may become a party hereto by affixing its signature to a counterpart to be similarly deposited, certified, and ratified.'

"Whereas, the said Interstate Compact to Conserve Oil and Gas has heretofore been duly renewed and extended with the consent of the Congress to September 1, 1951; and,

"Whereas, it is desired to renew and extend the said Interstate Compact to Conserve Oil and Gas for a period of four (4) years from September 1, 1951, to September 1, 1955;

"Now, therefore, this writing witnesseth:

"It is hereby agreed that the Compact entitled 'An Interstate Compact to Conserve Oil and Gas' executed in the City of Dallas, Texas, on the 16th day of February, 1935, and now on deposit with the Department of State of the United States, a correct copy of which appears above, be, and the same hereby is, extended for a period of four (4) years from September 1, 1951, its present date of expiration. This agreement shall become effective when executed, ratified, and approved as provided in Article I of the original Compact.

"The signatory states have executed this agreement in a single original which shall be deposited in the archives of the Department of State of the United States and a duly certified copy thereof shall be forwarded to the Governor of each of the signatory states. Any oil-producing state may become a party hereto by executing a counterpart of this agreement to be similarly deposited, certified, and ratified.

"Executed by the several undersigned states, at their several state capitols, through their proper officials on the dates as shown, as duly authorized by statutes and resolutions, subject to the limitations and qualifications of the acts of the respective State Legislatures.

"THE STATE OF ALABAMA
"By JAMES E. FOLSOM
"Governor
"Dated: 12-4-50
"Attest: SIBYL POOL
"Secretary of State
"[SEAL]

"THE STATE OF ARKANSAS
"By SID MCMATH
"Governor
"Dated: 10-11-50
"Attest: C. G. HALL
"Secretary of State
"[SEAL]

"THE STATE OF COLORADO
"By WALTER W. JOHNSON
"Governor
"Dated: 12-1-50
"Attest: GEO. G. BAKER
"Secretary of State
"[SEAL]

"THE STATE OF FLORIDA
"By FULLER WARREN
"Governor
"Dated: Nov. 15—1950
"Attest: R. A. GRAY
"Secretary of State

"THE STATE OF ILLINOIS
"By ———
"Governor
"Dated: ———
"Attest: ———
"Secretary of State

"THE STATE OF INDIANA
"By HENRY F. SCHRICKER
"Governor
"Dated: 10-25-50
"Attest: CHARLES F. FLEMING
"Secretary of State

"THE STATE OF KANSAS
"By ———
"Governor
"Dated: ———
"Attest: ———
"Secretary of State

"THE STATE OF KENTUCKY
"By LAWRENCE W. WETHERBY
"Governor
"Dated: December 11, 1950
"Attest: GEORGE GLENN HATCHER
"Secretary of State
"SUSAN B. RUTHERFORD
"Assistant Secretary of State

"THE STATE OF LOUISIANA
"By EARL K. LONG
"Governor
"Dated: November 1, 1950
"Attest: WADE O. MARTIN, JR.
"Secretary of State

"THE STATE OF MICHIGAN
"By G. MENNEN WILLIAMS
"Governor
"Dated: January 31, 1951
"Attest: F. M. ALGER, JR.
"Secretary of State

"THE STATE OF MISSISSIPPI
"By F. L. WRIGHT
"Governor
"Dated: Nov. 8, 1950
"Attest: HEBER LADNER
"Secretary of State

"THE STATE OF MONTANA
"By JOHN W. BONNER
"Governor
"Dated: November 22nd 1950
"Attest: SAM C. MITCHELL
"Secretary of State

"THE STATE OF NEW MEXICO
"By THOMAS J. MABRY
"Governor
"Dated: ———
"Attest: ALICIA ROMERO
"Secretary of State

"THE STATE OF NEW YORK
"By THOMAS E. DEWEY
"Governor
"Dated: 2-20-51
"Attest: WALTER J. GOING
"Deputy Secretary of State

"THE STATE OF OHIO
"By FRANK J. LAUSCHE
"Governor
"Dated: 1-3-51
"Attest: CHARLES F. SWEENEY
"Secretary of State

"THE STATE OF OKLAHOMA
"By ROY J. TURNER
"Governor
"Dated: Oct. 7, 1950
"Attest: WILLIAM CARTWRIGHT
"Secretary of State

"THE STATE OF PENNSYLVANIA
"By JOHN S. FINE
"Governor
"Dated: 2-21-51
"Attest: GERALD SMITH
"Secretary of State

"THE STATE OF TENNESSEE
"By GORDON BROWNING
"Governor
"Dated: 2-16-51
"Attest: JAMES H. CUMMINGS
"Secretary of State

"THE STATE OF TEXAS
"By ALLAN SHIVERS
"Governor
"Dated: October 3, 1950
"Attest: LOUIS SCOTT WILKERSON
"Ass't Secretary of State

"THE STATE OF WEST VIRGINIA
"By OKEY L. PATTERSON
"Governor
"Dated: January 8, 1951
"Attest: D. PITT O'BRIEN
"Secretary of State"

SEC. 2. The right to alter, amend, or repeal the provisions of section 1 is hereby expressly reserved.

NICHOLAS GEORGE STRANGAS

The Senate proceeded to consider the bill (S. 236) for the relief of Nicholas George Strangas, which had been reported from the Committee on the Judiciary with an amendment, to strike out all after the enacting clause and insert:

That, for the purposes of the immigration and naturalization laws, Nicholas George Strangas shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee and head tax. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

DR. ISAC C. GOLDSTEIN

The bill (S. 518) for the relief of Dr. Isac C. Goldstein was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, for the purposes of the immigration and naturalization laws, Dr. Isac C. Goldstein shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee and head tax. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota officer to deduct one number from the appropriate quota for the first year that such quota is available.

SHIZU FUJII AND SUENORI FUJII

The bill (S. 585) for the relief of Shizu Fujii and her son, Suenori Fujii, was considered, order to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, notwithstanding the provisions of section 13 (c) of the Immigration Act of 1924, as amended, Shizu Fujii and her son, Suenori Fujii, the mother and brother, respectively, of United States citizens, may be admitted to the United States for permanent residence if they are found to be otherwise admissible under the provisions of the immigration laws.

LIBUSE CHALUPNIK PAVLISH

The bill (S. 1006) for the relief of Libuse Chalupnik Pavlish was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, in the administration of the laws relating to the issuance of immigration visas for admission to the United States for permanent residence and relating to admission at ports of entry of aliens for permanent residence in the United States, the provisions of the act of October 16, 1918, as amended, shall not be held to apply to Libuse Chalupnik Pavlish, the wife of Rudolph Pavlish, a citizen of the United States.

EXTENSION OF DEFENSE PRODUCTION, AND HOUSING AND RENT ACTS—REPORT OF A COMMITTEE (REPT. NO. 470)

Mr. MAYBANK. Mr. President, pursuant to the order of the Senate heretofore entered, from the Committee on Banking and Currency, I report an original bill (S. 1717) to amend and extend the Defense Production Act of 1950, and the Housing and Rent Act of 1947, as amended.

The PRESIDING OFFICER. The bill will be placed on the calendar.

Mr. MAYBANK. Mr. President, for the benefit of the press, I announce that the report will not be filed until tomorrow night. It will be printed tomorrow night and be made a part of the RECORD which will appear Saturday. There will be a report from the majority members and minority views by certain Senators who dissented upon certain amendments. I wish to make it clear to the press that the reports will not be available until Saturday morning.

As I understand, the reporting of this bill today makes it possible, under the rule, to have it made the unfinished business tomorrow, if the majority leader so determines.

Mr. McFARLAND. Mr. President, I gave notice yesterday, I believe, that when we concluded the calendar and a few other small bills, I would move to proceed to the consideration of Senate bill 719. However, it was distinctly understood that the moment the controls bill was ready for consideration the unfinished business would be laid aside. If it is ready tomorrow, that is what we will do tomorrow.

The rent-control bill may also be before us for consideration. The law expires at the end of the month, and we may have to consider that bill as well.

Mr. MAYBANK. General over-all rent control for the United States is included in the title, with the exception of the District of Columbia.

Mr. McFARLAND. Before the session is concluded today, I shall move to proceed to the consideration of Senate bill 719, but the sponsors of the bill have agreed that the moment the Senator from South Carolina is ready to proceed with his bill, the unfinished business may be temporarily laid aside.

Mr. MAYBANK. I thank the majority leader. I wanted the RECORD to be clear. Over the week end many Senators will be out of the city. Many of them have asked me when the bill would be taken up by the Senate. After consultation with the Vice President and the majority leader, I have reported a new bill. I hope the Senate will make it the unfinished business before taking a recess, or before adjourning on Friday evening, so that we may proceed with it on Monday, because many Senators are returning to the city with that expectation.

Mr. CASE. Mr. President, may we have a clear understanding? The Senator from South Dakota thought he understood the majority leader to indicate that the controls bill would be taken up whenever it was ready. The Senator from South Dakota understands that the bill has now been reported.

Mr. MAYBANK. An original bill has been reported from the committee.

Mr. CASE. Does that mean that it is ready to be taken up tomorrow? Or is it to be taken up on Monday?

Mr. MAYBANK. I may say to my friend from South Dakota that it would be ready tomorrow, except that the report is being delayed so that it may be ample and fully explanatory. It will be printed in tomorrow's RECORD, so that Senators may have the benefit of reading it over the week end if they so desire.

Mr. CASE. I think that is wholly desirable. Then the understanding is that actual consideration of the controls bill will occur on Monday rather than Friday. Is that correct?

Mr. MAYBANK. The Senator is correct, provided the majority leader agrees to that arrangement. My only thought was that there should be no misunderstanding, and that it should be made the unfinished business tomorrow evening before the Senate recesses or adjourns.

Mr. McFARLAND. Do I correctly understand the distinguished Senator to say that he wishes to proceed with an explanation of his bill tomorrow?

Mr. MAYBANK. No. I wish to have it made the unfinished business, so that Senators who are absent from the city may know that it will be the business before the Senate when it convenes on Monday, and in order that there may not be any parliamentary situation which can stop it.

Mr. McFARLAND. When the Senator from South Carolina is ready to proceed I shall ask unanimous consent that the controls bill be made the unfinished business and that the Senate bill 719 be temporarily laid aside. If objection is made, I shall make a motion that the bill be temporarily laid aside.

Mr. MAYBANK. I thank the Senator from Arizona. I wanted the RECORD to show the situation.

Mr. McCARRAN. Mr. President, the Senator from Maryland [Mr. O'CONOR], who is in charge of Senate bill 719, is now in Miami, Fla., on official business. I am advised by his office that he will not be in the city tomorrow. So far as I am concerned, I am very anxious to have Senate bill 719 taken up and disposed of. If the arrangement which has been suggested by the Senator from Arizona is followed, namely, that Senate bill 719 must be laid aside in order to take up the control bill, I suggest, if he intends to hold a session of the Senate tomorrow, his suggestion be reconsidered, and in place of holding a session tomorrow the Senate go over until Monday.

Mr. McFARLAND. I shall ask that Senate bill 719 be made the unfinished business, in order to keep faith with the distinguished Senator from Colorado and the minority leader.

Mr. CASE. Mr. President, for the benefit of some Senators who have recently entered the Chamber, may I inquire whether Senate bill 719 deals with the amendment to the Robinson-Patman Act?

Mr. McCARRAN. It deals with the language of the Supreme Court. It carries the language of the Supreme Court in its decision dealing with the subject.

Mr. LONG. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. What is the unanimous-consent request?

Mr. McFARLAND. There is no unanimous-consent request.

The PRESIDING OFFICER. No unanimous-consent request is pending.

Mr. LONG. There is not pending before the Senate at this time any unanimous-consent request?

The PRESIDING OFFICER. No unanimous-consent request is pending before the Senate.

Mr. LONG. A further parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. Are we still proceeding on the call of the calendar?

The PRESIDING OFFICER. That is correct.

Mr. LONG. No unanimous-consent agreement has been entered into?

The PRESIDING OFFICER. That is correct.

Mr. McCARRAN. I do not believe that to be the situation. An agreement was entered into that S. 719 should be taken up on the completion of the call of the calendar, and that if the control bill should be reported, Senate bill 719 would be temporarily laid aside.

Mr. McFARLAND. There was no agreement that it would be taken up. I

said I would move to take it up. Of course the Senate might vote me down. I did not make it in the form of a unanimous-consent agreement.

Mr. McCARRAN. I think the Senator will find that it was by unanimous consent.

Mr. LONG. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. Is a unanimous-consent agreement pending?

The PRESIDING OFFICER. It is the understanding of the Chair that the majority leader suggested that at a certain time he would make such a unanimous-consent request.

Mr. MAYBANK. Tomorrow.

The PRESIDING OFFICER. He stated that if he should fail to get unanimous consent he would make a motion to make the bill the unfinished business.

Mr. LONG. Is there any unanimous-consent agreement before the Senate and binding on the Senate at this time?

The PRESIDING OFFICER. The Chair does not so understand.

Mr. McCARRAN. It has been stated time and time again that Senate bill 719 would be taken up immediately after the call of the calendar. I believe the majority leader will agree with me.

Mr. McFARLAND. I said I expected to move to do so, unless the distinguished Senator and other Senators working with him would prefer that it be not taken up. I expect to keep faith with the Senator from Colorado and the minority leader.

Mr. McCARRAN. I have in mind that today the Senator from Arizona asked that a bill go to the foot of the calendar and that it be taken up immediately after the call of the calendar.

Mr. McFARLAND. Yes. It was a unanimous-consent request with respect to another bill.

Mr. McCARRAN. That is correct.

Mr. LONG. Mr. President, I understand that the majority leader gave notice to the Senate of his intention to move to take up Senate bill 719 after the call of the calendar, but that no unanimous-consent agreement was entered into. In other words, it is one thing for the majority leader to state what he expects to do, but it is another thing for it to be binding on all Members of the Senate.

Mr. McFARLAND. May I explain what the Senator from Nevada was referring to? During the call of the calendar, when No. 305, House bill 2416, was reached, I asked unanimous consent that it be made the unfinished business immediately after the call of the calendar. I do not expect that it will take over 30 minutes to consider it.

INDEPENDENT OFFICES APPROPRIATIONS, 1952

Mr. MAYBANK. Mr. President, last evening the Senate passed the independent offices appropriation bill. With the exception of the last two amendments, dealing with publicity, and so forth, I understood that the general amendments would apply to all appropriation bills. I should like to inform the Senate that the changes in amounts in the bill resulted in total increases of $287,505 and total decreases of $11,274,467, or a net reduction of $10,986,962. As passed, the bill totals $6,210,972,658. As reported by the committee, it was $626,000,000 below the budget estimate. The cuts we have put into effect on the floor of the Senate will save approximately $10,000,000 more, which is in the ratio of $1 for every $70 the committee saved.

Of course, this does not include the last two sections, which were general legislation. The first was the Douglas amendment reducing leave, which I supported in the committee and on the floor. The second was the amendment submitted by the Senator from Virginia [Mr. BYRD], providing for a reduction in the cost of publications of the various Government agencies, which I assured him I would take to conference and use every effort to have agreed to in conference. But the latter amendment applied only to the independent offices appropriation bill.

INDEPENDENT OFFICES APPROPRIATION BILL, 1952 (H. R. 3880)

The following changes in amounts appropriated were made in the bill considered by the Senate on June 15, 18, 19, and 20:

The White House office	−$298,062
Executive Mansion and grounds	−15,600
Civil Service Commission, salaries and expenses	−550,000
Commission on Renovation of the Executive Mansion	+8,000
General Services Administration, operating expenses	−7,757,800
Renovation of the Executive Mansion	+175,000
Expenses, general supply fund	−1,426,000
Interstate Commerce Commission, railroad safety	+60,425
Locomotive inspection	+44,080
Veterans' Administration, administration, etc	−1,227,005

These changes in amounts resulted in total increases of $287,505 and total decreases of $11,274,467, or a net reduction of $10,986,962.

The previous action in recommitting the bill for a reduction of 5 percent additional from personal services resulted in a decrease amounting to $13,913,768, made in the individual items. These reductions were included in the amounts of the items as reported to the Senate (No. 418).

As passed, the bill totals $6,210,972,658.

DR. ISAC C. GOLDSTEIN

Mr. McCARRAN. Mr. President, I believe one calendar bill has been overlooked. I will be glad to stand corrected if I am wrong about it. I refer to Calendar No. 427, Senate bill 518, for the relief of Dr. Isac C. Goldstein.

The PRESIDING OFFICER. The Chair will advise the Senator that that bill was passed.

Mr. McCARRAN. If the RECORD shows that the bill was passed, well and good.

ERIC ADOLF LENZE

The Senate proceeded to consider the bill (S. 1281) for the relief of Eric Adolf Lenze, which had been reported from the Committee on the Judiciary with an amendment in line 6, after the numerals "1940", to strike out "relating to loss of citizenship by reason of absence from the United States", and insert "providing for loss of citizenship through continuous residence in a foreign state", so as to make the bill read:

Be it enacted, etc., That, in the administration of the immigration and naturalization laws, Eric Adolf Lenze shall not be held to have lost United States citizenship under any of the provisions of the Nationality Act of 1940 providing for loss of citizenship through continuous residence in a foreign state.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CECIL LENNOX ELLIOTT

The Senate proceeded to consider the bill (S. 1282) for the relief of Cecil Lennox Elliott, which had been reported from the Committee on the Judiciary with an amendment in line 6, after the numerals "1940", to strike out "relating to loss of citizenship by reason of absence from the United States", and insert "providing for loss of citizenship through continuous residence in a foreign state", so as to make the bill read:

Be it enacted, etc., That, in the administration of the immigration and naturalization laws, Cecil Lennox Elliott shall not be held to have lost United States citizenship under any of the provisions of the Nationality Act of 1940 providing for loss of citizenship through continuous residence in a foreign state.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MRS. MARIE Y. MUELLER

The Senate proceeded to consider the bill (S. 1436) for the relief of Mrs. Marie Y. Mueller which had been reported from the Committee on the Judiciary with an amendment, on page 2, line 4, after the words "as of", to strike out "October 1, 1933," and insert "the date of the enactment of this act", so as to make the bill read:

Be it enacted, etc., That the Attorney General is authorized and directed to discontinue any deportation proceedings and to cancel any outstanding order and warrant of deportation, warrant of arrest, and bond, which may have been issued in the case of Mrs. Marie Y. Mueller, of Spokane, Wash. The said Mrs. Marie Y. Mueller, who has resided in the United States since 1933, shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commenced or such warrants and order have issued.

SEC. 2. Notwithstanding any provision of the immigration laws, the said Mrs. Marie Y. Mueller shall be considered as having been lawfully admitted into the United States for permanent residence as of the date of the enactment of this act upon the payment by her of the visa fee of $10 and the head tax of $8.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

HAROLD FREDERICK D. WOLFGRAMM

The bill (S. 1503) for the relief of Harold Frederick D. Wolfgramm was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, for the purposes of the immigration and naturalization laws, Harold Frederick D. Wolfgramm shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee and head tax. Upon the granting of permanent residence to such alien as provided for in this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

VALMAI EILEEN MACKENZIE

The Senate proceeded to consider the bill (S. 1504) for the relief of Valmai Eileen Mackenzie which had been reported from the Committee on the Judicary with an amendment in line 6, after the words "date of", to strike out "her last entry into the United States" and insert "the enactment of this act", so as to make the bill read:

Be it enacted, etc., That, for the purposes of the immigration and naturalization laws, Valmai Eileen Mackenzie shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this act, upon payment of the required visa fee and head tax. Upon the enactment of this act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

SPECIAL QUOTA IMMIGRATION VISAS FOR CERTAIN ALIEN SHEEPHERDERS

The bill (S. 1696) to amend Public Law 587 of the Eighty-first Congress (approved June 30, 1950) to provide relief for the sheep-raising industry by making special quota immigration visas available to certain alien sheepherders, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That, Public Law 587, Eighty-first Congress (approved June 30, 1950) is amended as follows: Strike out the following language appearing in lines 3 and 4 "of 1 year after the effective date of this act", and insert in lieu thereof the following: "ending December 31, 1951".

DR. GIUSEPPE MAZZONE

The bill (H. R. 895) for the relief of Dr. Giuseppe Mazzone was considered, ordered to a third reading, read the third time, and passed.

MRS. CLARA RAFFLOER DROESSE

The bill (H. R. 896) for the relief of Mrs. Clara Raffloer Droesse was considered, ordered to a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (H. R. 997) for the relief of William J. Drinkwine was announced as next in order.

Mr. HENDRICKSON. Mr. President, I ask that the bill go over for further study.

The PRESIDING OFFICER. Objection is heard. The bill will go over.

Mr. McCARRAN. Mr. President, it seems to me that the suggestion made by the Senator from New Jersey is a very good one. I think that all private bills carrying amounts of money which have been put on the calendar today should go over, with the understanding that they will be taken up at the next call of the calendar, if that kind of understanding can be entered into.

Mr. HENDRICKSON. I believe the Senator from Nevada is offering a very wise suggestion.

The PRESIDING OFFICER. Objection is heard. The bill will go over.

Mr. McCARRAN. The same understanding should apply to all claim bills which were placed on the calendar today.

The bill (H. R. 1443) for the relief of Paul Matelli was announced as next in order.

The PRESIDING OFFICER. The bill will go over.

BERNARD SPIELMANN

The bill (H. R. 1840) for the relief of Bernard Spielmann was considered, ordered to a third reading, read the third time, and passed.

JINDRICH (HENRI) NOSEK AND MRS. ZDENKA NOSEK

The bill (H. R. 2310) for the relief of Jindrich (Henri) Nosek and Mrs. Zdenka Nosek was considered, ordered to a third reading, read the third time, and passed.

BASIC AUTHORITY FOR CERTAIN ACTIVITIES OF THE UNITED STATES SECRET SERVICE

The Senate proceded to consider the bill (H. R. 2395) to amend title 18 of the United States Code, entitled "Crimes and Criminal Procedure," to provide basic authority for certain activities of the United States Secret Service, and for other purposes, was announced as next in order.

Mr. SCHOEPPEL. Mr. President, reserving the right to object, may we have an explanation of the bill?

Mr. McCARRAN. Mr President, for some time the Secret Service Division of the Department of the Treasury has been seeking legislation which would incorporate into one statute the authorization for their various activities, which authorization has, in the past, been contained for the most part in annual reenactments of provisions of appropriation acts. This bill accomplishes that purpose.

In addition, it creates two new offenses relating to the mutilation of coins, and also broadens a section of the criminal code, so as to permit the reproduction of pictures of coins in school textbooks and related types of professional publications.

Mr. SCHOEPPEL. I have no objection.

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

Mr. McCARRAN. Yes.

Mr. CASE. This bill presumably would create legislative authority for the activities of the United States Secret Service, so that its appropriations would not be subject to a point of order in the House of Representatives.

Mr. McCARRAN. That is correct.

Mr. CASE. The bill has nothing to do with wire-tapping, has it?

Mr. McCARRAN. No. Such a bill will never have the approval of the chairman of the Judiciary Committee.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the Judiciary with an amendment, on page 4, line 8, after the word "States", to strike out "in connection with" and insert "directly concerning."

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

SHIZUE SAKURADA

The bill (H. R. 2853) for the relief of Shizue Sakurada was considered, ordered to a third reading, read the third time, and passed.

DOROTHY FUMIE MAEDA

The bill (H. R. 2854) for the relief of Dorothy Fumie Maeda was considered, ordered to a third reading, read the third time, and passed.

ROSINA MOURADIAN

The bill (H. R. 3063) for the relief of Rosina Mouradian was considered, ordered to a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (H. R. 3217) for the relief of the Peerless Casualty Co. and of Charles E. Nelson and Irwin I. Main was announced as next in order.

Mr. McCARRAN. Mr. President, this bill should go over.

The PRESIDING OFFICER. Under the previous objection, the bill will be passed over.

EXTENSION OF TIME FOR COMPLETING CONSTRUCTION OF TOLL BRIDGE ACROSS DELAWARE RIVER NEAR WILMINGTON, DEL.

The bill (H. R. 4338) to extend the time for completing the construction of a toll bridge across the Delaware River near Wilmington, Del., was considered, ordered to a third reading, read the third time, and passed.

PROTECTION AGAINST MISBRANDING, ETC., OF FUR PRODUCTS AND FURS

The PRESIDING OFFICER. That completes the call of the calendar, except for bills which previously were passed over and were placed at the foot of the calendar.

Mr. HENDRICKSON. Mr. President, I now ask unanimous consent that the Senate proceed to the consideration of Senate bill 1590, Calendar 416, a bill to extend and revise the District of Columbia Emergency Rent Act.

The PRESIDING OFFICER. Is there objection?

Mr. JOHNSON of Colorado. Mr. President, reserving the right to object, we have not yet completed action on the bills which have been placed at the foot of the calendar. Senate bill 508,

Calendar 80, in regard to the branding and advertising of furs and fur products, was placed at the end of the calendar. After it is disposed of, I shall have no objection to the request the Senator from New Jersey has made. However, Senate bill 508 is in order at this time.

Mr. HENDRICKSON. Senate bill 1590 is in the same category.

Mr. JOHNSON of Colorado. But Senate bill 508 comes first.

Mr. HENDRICKSON. Very well; I have no objection.

Mr. JOHNSON of Colorado. Mr. President, I now ask that Senate bill 508 be considered.

The PRESIDING OFFICER. The bill will be read by title, for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 508) to protect consumers and others against misbranding, false advertising, and false invoicing of fur products and furs.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. LODGE. Mr. President, I wish to offer amendments to the bill on pages 5, 7, and 8. The amendments have been printed, and I now send them to the desk.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. LEHMAN. Mr. President, reserving the right to object, let me say that I have received from the fur wholesalers and dealers in New York many communications concerning this bill, as it was originally introduced, and even as it has been reported by the committee.

I have been advised that the main objections to the bill would seem to be met by the amendments which have been submitted by the Senator from Massachusetts. Those amendments do not do violence to the rights of consumers, for whose protection the bill is designed.

Therefore, Mr. President, I shall not object to the bill if the amendments of the Senator from Massachusetts are adopted.

However, I have received from the Resident Commissioner of Puerto Rico a letter pointing out that this bill sets forth a definition of jurisdiction which unfortunately transgresses upon the right of Puerto Rico to govern its own internal commerce on the same basis as any State does. If this particular bill affected Puerto Rico more extensively, I would object to it on the basis stated. However, there is no substantial trade in furs in Puerto Rico. Hence, I merely ask that the letter from Commissioner FERNÓS-ISERN be printed in the RECORD. I hope that future legislation coming from the Interstate and Foreign Commerce Committee will not violate the dignity of the essential rights of Puerto Rico.

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

JUNE 20, 1951.

Hon. JOSEPH C. O'MAHONEY,
Senate of the United States,
Washington, D. C.

DEAR SENATOR O'MAHONEY: On June 18, H. R. 2321 entitled "A bill to protect consumers and others against misbranding, false advertising, and false invoicing of fur products and furs" was brought up before the House. Unfortunately, when I arrived on the floor, the bill was already being amended and immediately reported by the Committee of the Whole to the House. It was at that time that I realized that the bill included language on page 3, line 9, which, as you may see reads "or within any Territory or possession or the District of Columbia". This language is to be found in several other interstate commerce laws which are made applicable to Territories and possessions.

H. R. 2321 is not in itself important to Puerto Rico, whether it has one language or another, but as a matter of principle, I believe that if Puerto Rico is to be self-governing, the regulation of its internal trade should be in the hands of the Puerto Rican Legislature as it is in the hands of State legislatures in the case of the States. I presume the language in this bill, as well as in others, is an inadvertency but I believe it should be corrected.

The people of Puerto Rico, as you know, voted for the Constitutional Government Act. Certain sections of the old Organic Act will continue to constitute the Puerto Rican Federal Relations Statute. Section 9 of the statute reads "that the statutory laws of the United States not locally inapplicable, except as hereinbefore or hereinafter otherwise provided, shall have the same force and effect in Puerto Rico as in the United States," etc. No special provision is made in the statute concerning commerce between Puerto Rico and the United States except in what pertains to the inapplicability of tariffs and to other tax provisions. Consequently, there is no special provision for other regulations on commerce.

If I am correct, the interpretation would be that interstate commerce laws will apply in the case of Puerto Rico equally as if Puerto Rico were a State, except insofar as the statute of relations, itself, may otherwise provide or except where the particular interstate commerce law might carry specific provisions for Puerto Rico. The latter would be tantamount to an amendment by addition to the statute of relations.

As H. R. 2321 stands now, it would not only regulate commerce between Puerto Rico and the mainland but would regulate commerce within Puerto Rico to an extent it could not be constitutionally regulated within a State.

I bring this matter to your attention because I am sure that, as the sponsor of the great piece of legislation which the Congress passed in 1950 and which the people of Puerto Rico so jubilantly accepted in 1951, you will be interested in looking into the matter.

Very respectfully,
A. FERNÓS-ISERN,
Resident Commissioner of Puerto Rico.

Mr. LEHMAN. Mr. President, I withhold the objection.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill (S. 508) to protect consumers and others against misbranding, false advertising, and false invoicing of fur products and furs.

Mr. LODGE. Mr. President, I now offer the amendments which I have sent to the desk.

The PRESIDING OFFICER. The amendments will be stated.

The CHIEF CLERK. On page 5, line 6, immediately following the comma, it is proposed to insert the following: "or any person selling, advertising, offering for sale, or processing a fur product otherwise than in or for commerce, but which has theretofore been shipped and received in commerce."

On page 7, between lines 6 and 7, it is proposed to insert the following new sentence: "Notwithstanding paragraph (3) of this section, a fur product which is processed to simulate another fur shall not be considered to be misbranded if the label required by paragraph (2) (A) of this section sets forth the name or names of the animal or animals that produced the fur, as provided in such paragraph (2) (A), followed by appropriate language indicating that such fur product has been processed to resemble or simulate the fur of another animal."

On page 8, between lines 11 and 12, it is proposed to insert the following new sentence: "Notwithstanding paragraph (5) of this subsection, a fur product or fur which is processed to simulate another fur shall not be considered to be falsely or deceptively advertised if any advertisement, representation, public announcement, or notice which is intended to aid, promote, or assist directly or indirectly in the sale or offering for sale of such fur product or fur contains the name or names of the animal or animals that produced the fur, as required by paragraph (1) of this subsection, followed by appropriate language indicating that such fur product or fur has been processed to resemble or simulate the fur of another animal."

Mr. LODGE. Mr. President, the purpose of the proposed amendment to section 3 (E) of the fur-labeling bill is to enable a retailer to substitute his own label for that of the manufacturer, jobber, wholesaler, or other person whose name or other identification would be required by the law to be on the label of every fur product introduced or sold in commerce.

The retailer is denied the right of substitution under the proposed act. The present wording of section 3 (E) would limit the right of a retailer to substitute his own label for the label of his source only to those garments sold by the retailer in commerce. Since the overwhelming proportion of the average retailer's transactions are not in commerce, he would be seriously and severely handicapped.

The restriction imposed on the retailer by the present wording of section 3 (E) would result in disclosure to both consumer and competitor of the retailer's source of supply. The consumer, with knowledge of the retailer's source, would be lured thereto and would thus aggregate the long-existing evil of wholesale-retailing. The competitor would have easy access to the precious trade secrets which his business rival has assiduously cultivated.

The proposed amendment would not weaken in the slightest the protection afforded the consumer against misbranding and false advertising. The retailer would continue to be bound by the affirmative disclosure requirements of the proposed act.

Mr. President, I should like to make the following statement in explanation of the amendments I am offering on pages 7 and 8:

Under the terms of the present bill the label required to be placed on every fur garment or in advertising of a fur garment cannot contain the name of a fur other than that of which the garment is made. It is proposed that this restriction be modified to permit the use in labeling and advertising of a legend which would indicate that a fur or fur product has been processed to simulate another fur when such is the case.

This type of labeling or advertising could not be considered deceptive or misleading in any respect. The true name of the fur would be clearly and directly set forth, followed by a straightforward statement of the fact that it has been dyed or processed to resemble another fur. There would thus be no possibility of confusion in the mind of the consumer.

Such an amendment would save the retailer the complete loss of this type of advertising and the consequent loss of substantial trade. There is tremendous appeal to a large segment of the fur-consuming public in the opportunity to purchase a relatively inexpensive fur garment that is dyed or processed in a fashion to make it resemble an expensive and elegant fur. The bill, as presently worded, would in effect prohibit the advertising of such processed garments.

Mr. President, the advocates of these amendments submit to me that they will make the bill more fair and workable, without detracting from its underlying purposes.

I hope the amendments will be adopted.

The PRESIDING OFFICER. Without objection, the amendments will be considered en bloc.

The question is on agreeing to the amendments submitted by the Senator from Massachusetts.

The amendments were agreed to.

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

Mr. JOHNSON of Colorado. Mr. President, House bill 2321, Calendar 422, deals with the same subject. I now move that the Senate proceed to consider that bill.

The motion was agreed to; and the Senate proceeded to consider the bill (H. R. 2321) to protect consumers and others against misbranding, false advertising, and false invoicing of fur products and furs.

Mr. JOHNSON of Colorado. Mr. President, I now move that all after the enacting clause be stricken out, and that in lieu thereof there be inserted the text of Senate bill 508 as amended by the amendments of the Senator from Massachusetts.

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

The motion was agreed to.

The PRESIDING OFFICER. If there be no further amendment to be proposed, the question is on the engrossment of the amendments and third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

The PRESIDING OFFICER. Without objection, Senate bill 508 is indefinitely postponed.

TREATMENT OF POWERS OF APPOINTMENT FOR ESTATE AND GIFT-TAX PURPOSES

Mr. GEORGE. Mr. President, I wish to call up Calendar No. 359, House bill 2084, to which objection was made by the Senator from Minnesota, and which was placed at the foot of the calendar. I understand that the objection of the Senator from Minnesota is withdrawn. I ask unanimous consent that the Senate now proceed to the consideration of House bill 2084.

The PRESIDING OFFICER. The clerk will state the bill by title.

The LEGISLATIVE CLERK. A bill (H. R. 2084) relating to the treatment of powers of appointment for estate and gift-tax purposes, reported from the Committee on Finance, with amendments.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with amendments on page 2, line 7, after "subsection (c)" to insert "or (d)"; in line 8, after the word "power", to insert "or the complete release of such a power"; in line 10, after the word "before", to strike out "July 1, 1951," and insert "November 1, 1951,"; on page 3, line 3, after "subsection (c)", to strike out the semicolon and "but if such a power lapses during the life of the individual possessing the power, the failure to exercise such power shall not be deemed an exercise or a release of the power" and insert "or (d)"; on page 6, line 7, after the word "first", to strike out "power." and insert "power.

"(5) Lapse of power: The lapse of a power of appointment created after October 21, 1942, during the life of the individual possessing the power shall be considered a release of such power. The rule of the preceding sentence shall apply with respect to the lapse of powers during any calendar year only to the extent that the property which could have been appointed by exercise of such lapsed powers exceeded in value, at the time of such lapse, the greater of the following amounts:

"(A) $5,000, or

"(B) Five percent of the aggregate value, at the time of such lapse, of the assets out of which, or the proceeds of which, the exercise of the lapsed powers could have been satisfied."

On page 7, line 19, after the word "power", to insert "or the complete release of such a power"; in line 22, after the word "before", to strike out "July 1, 1951," and insert "November 1, 1951,"; on page 8, line 7, after the word "exercise", to strike out "or release"; in line 8, after the numerals "1942", to insert "or the release after May 31, 1951, of such a power"; in line 11, after the word "power", to strike out the semicolon and "but if such a power lapses during the life of the individual possessing the power, the failure to exercise such power shall not be deemed an exercise or a release of the power.", and on page 11, line 9, after the word "such", to strike out power." and insert: power.

"(5) Lapse of power: The lapse of a power of appointment created after October 21, 1942, during the life of the individual possessing the power shall be considered a release of such power. The rule of the preceding sentence shall apply with respect to the lapse of powers during any calendar year only to the extent that the property which could have been appointed by exercise of such lapsed powers exceeds in value the greater of the following amounts:

"(A) $5,000, or

"(B) 5 percent of the aggregate value of the assets out of which, or the proceeds of which, the exercise of the lapsed powers could be satisfied."

Mr. GEORGE. Mr. President, I wish to file a statement. This is a highly technical matter, and these powers of appointment must be released under the present law by June 30, 1951, or else they will be subject to certain estate and gift taxes. I wish to file a statement in connection with this bill.

The PRESIDING OFFICER. Is there objection?

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

STATEMENT BY SENATOR GEORGE

The report gives a detailed description of the provisions of the bill.

We have had considerable difficulty in determining how powers of appointment should be treated under the estate- and gift-tax laws. Prior to the Revenue Act of 1942, a power of appointment was subject to estate or gift tax only if it were a general power, then only if it were exercised. Beginning with the 1942 Revenue Act, powers of appointment were taxed whether exercised or not, with the exception of two specified classes of powers. One exception related to the power to appoint only to certain near relatives. The other exception was intended to exempt fiduciary powers, but the language failed to accomplish the purpose intended. This language could be construed to extend to emergency powers to invade principal, discretionary powers given to trustees and other types of powers which had not heretofore been regarded as powers of appointment. In 1942 there had been in existence a great many powers which had been created many years before and in reliance upon the law as it then existed. The impracticability of reviewing all of the wills and trust agreements in force in 1942 to determine whether any such taxable powers were contained therein and, if so, whether such powers could be released would have been an almost impossible task. Recognizing this, the Congress has been granting a series of extensions under which powers of appointment created prior to the Revenue Act of 1942 may be released without being subject to estate- or gift-tax liability. The last date for the release of such powers is June 30, 1951.

This bill is the result of studies which have been undertaken by the American Bar Association, the Treasury Department, and our staff of the Joint Committee on Internal Revenue Taxation, in an effort to find a solution for this problem. It is a compromise bill, designed to meet conflicting views, and has the approval of the Treasury Department.

The bill subjects to estate and gift tax only general powers of appointment, and it provides a clear and workable definition of a general power of appointment. The bill defines a general power of appointment as a power which is exercisable in favor of the holder, his estate, his creditors, or the creditors of his estate, but not including a power to consume or invade, which is limited by an ascertainable standard relating to the health, education, support, or maintenance of the holder of the power. In the case of a power created on or before the effective date of the Revenue Act of 1942, a power of appointment is not considered a general power if it is a joint power—that is, a power which can be exercised only with the consent or joinder of another person. In the case of a power created after October 21, 1942, the definition of a general power does not include a joint power where the coholder of the power has a substantial adverse interest to exercise of the power in favor of the decedent. The bill contains detailed rules on the extent to which post-1942 joint powers shall be considered as limited by substantial adverse interests.

The provisions of the bill which deal with taxation of powers created before the Revenue Act of 1942 recognize the injustices which would be caused by forcing the holders of these powers to face the alternative of either upsetting those old property dispositions or else being taxed on the powers even though they were not exercised. The bill provides for estate or gift tax on these old powers only if they are actually exercised. A release of one of these powers at any time is not taxed. Your committee has made this point perfectly clear by an amendment which provides that the complete release of such a power shall not be deemed an exercise thereof.

The bill also provides specifically that where a power created before the Revenue Act of 1942 is partially released prior to November 1 of this year, a subsequent exercise of the special power which is retained shall not be taxable. Of course, the partial release of such a power, whether the partial release occurs before or after November 1, is not a taxable event by itself. However, if the partial release occurs after November 1 and there is a subsequent exercise of the special power which is retained, then that subsequent exercise will be a taxable event.

The bill as it came over from the House contained a July 1, 1951, date instead of the November 1 date. Your committee extended this period for partial release without tax on a subsequent exercise to November 1 in order to provide the holders of these old powers with an opportunity to make a final decision on their course of action after this bill becomes law. The period up to November 1 is adequate for this purpose and, since this bill provides a final solution of the problems with respect to preexisting powers, it will not be necessary to ask the Congress to make any further extensions of this date.

The bill subjects to estate or gift tax both the exercise and the release of a general power of appointment created after October 21, 1942. These powers will also be subject to estate tax where they are held by the decedent until his death without being exercised. Since the release of the post-1942 power is taxable, the question arises as to the proper treatment of a power which lapses during the life of the holder. This problem arises principally in the case of noncumulative annual powers to invade trust property up to a certain specified amount. The House bill provided that where such a power lapses without being exercised, no estate or gift tax would result from this lapse. Your committee has modified this provision in the House bill so as to provide that no estate or gift tax will result from the lapse of these powers to the extent of $5,000 or 5 percent of the trust property, whichever is greater, in each year. Your committee believes that this limited exemption is adequate to take care of the common case where a widow or other relative is given the income from property and a noncumulative power to invade the property at her discretion in case the income is not adequate.

Your committee has also amended the gift-tax provisions of the bill so as to prevent the retroactive application of the gift tax to the release of a post-1942 power where the release occurred before June 1 of this year. This was necessary because, under the periodic extensions of the tax-free release provisions since 1942, the release of such a power has been exempted from gift tax.

This bill provides a definite and final solution for the powers-of-appointment problem which has been before Congress since the enactment of the unduly restrictive provisions of the 1942 act.

While the bill, in my opinion, is not as satisfactory as I would like in its treatment of future powers, that is, powers created after the Revenue Act of 1942, it goes a long way toward relieving a situation which would be intolerable if the provisions of the 1942 law were permitted to come into force and operation. As to the old powers created prior to the 1942 law, the bill provides a complete solution by taxing only general powers and then only if such powers are exercised. As to future powers, the bill does subject to tax the nonexercise of a general power, but the powers to be so taxed are much more narrowly defined than under the 1942 law, and fiduciary powers are completely exempt.

Mr. GEORGE. I understand that the Senator from Minnesota [Mr. HUMPHREY] also has prepared a statement which he desires to place in the RECORD.

Mr. LEHMAN. Mr. President, I have been requested by the junior Senator from Minnesota [Mr. HUMPHREY] to ask unanimous consent to insert in the RECORD at this point a statement prepared by him regarding this bill.

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

STATEMENT BY SENATOR HUMPHREY

H. R. 2084, POWERS OF APPOINTMENT ACT OF 1951

I want the RECORD to show that I am not approving the bill H. R. 2084. At a time when we are increasing taxes for the many it appears inequitable to include an additional loophole for the few.

This bill provides a tax benefit for the wealthy who would be affected by an interstate tax and who would thus be setting up trust funds for their descendants. At a time when we are increasing taxes on the many it appears inequitable to include an additional loophole for the few. The "power of appointment" is the legal terminology in connection with an estate trust for a power or a right given to dispose of property, either by will or by inter vivos (during lifetime) transfer.

The question arises, for example, when a man dies and leaves his property to his wife in trust for her life, and at the same time provides in his will that she shall have the power to designate to whom the property shall go on her death. This property is, of course, taxable when it passes from the estate of the husband to that of his wife. When the wife (donee of the power of appointment) dies, however, the question is raised whether the property which the wife held in trust shall be subject to an estate tax when it passes to the next party whom she has designated.

Prior to 1942 this power of appointment was taxable if it was a general power, that is, the power to select or appoint the property to anyone. Furthermore, the donee of the power (wife) for the property to be taxable has to actually exercise the power of appointment and the property has to pass as a result of the exercise of this power. However, should the donee (wife) have a power to appoint to only a limited number of people, this property was not taxed whether or not the power was exercised.

Example A: Thus, in the above case, if the wife did not exercise the power of appointment, then the property would not be subject to an estate tax upon her death.

Example B: If the wife had the power to appoint the property only to a limited class (her family, for instance), it would not be subject to a tax upon her death, even if she carried out the appointment. This would mean that the wife could enjoy the benefit of practical ownership of property and then leave it to her family without having it subject to tax.

This law was changed in 1942. Legislation was enacted making a power of appointment taxable upon death of the donee whether it was special or general and whether it was exercised or not. This tax would apply unless, paragraph 1, the power of appointment is restricted to the decedent-donee's spouse, the spouse of the creator of the power (the original owner), descendents of the decedent or his spouse, spouses of such descendents, and charities; and, paragraph 2, power to appoint to a restricted class a person who has no other interest in the property (such as a lawyer or executor of the will). A problem arose in connection with this statute inasmuch as certain individuals were trapped since they were given powers of appointment prior to 1942 when these powers were not taxable. They were thus given time to rid themselves of the power without subjecting themselves either to a gift or an estate tax. This was done by means of a grace period in which the legislation was in effect. By successive statutory extensions, the grace period with respect to the effective date of this 1942 legislation has now lasted for 9 years. Thus to date no tax has yet been collected under the provisions enacted in 1942. In reality, therefore, the law dealing with the taxing of the power of appointment has remained the same as it was prior to 1942.

The present bill, H. R. 2084, deals with this problem by establishing two separate powers of appointment: those prior to 1942 and those after. For those powers of appointment created prior to 1942, the old law is restored. Thus, only the exercise of a general power of appointment will be subject to a tax. The possibilities for evasion thus remain.

For those powers created after 1942, the bill subjects to an estate tax a general power of appointment whether or not the power is exercised, and subjects to a gift tax the exercise or release of such power. A general power of appointment, however, is defined in such a manner that an able lawyer can draw up powers of appointment so as to make them tax exempt and not within the classification.

This can be done since the term "general" as applied to a pre-1942 power does not include held in conjunction with anyone else. A post-1942 power is not general unless it is exercisable in favor of the descendent, his estate, his creditors or the creditors of his estate. The donee (wife) has a right to invade the capital for health, education, support, or maintenance without having this invasion considered a general exercise of the power. Thus, the exercise would not be subject to the tax. It would not be difficult for an attorney to create a power which would evade taxation under these provisions.

SUMMARY

The bill, therefore, would exempt people who have practical ownership of property from being taxed even though they receive benefits from that property. It would also penalize those people who obeyed the 1942 law and released their powers of appoint-

ment in order not to be subject to the tax, and it allows those who did not release their powers to keep the power without paying tax.

Another typical example of how one could evade taxes is this: A man leaves $1,000,000 in trust to his son for life. The son derives the income from that money and has the power to designate to whom the property shall go on his death. Thus, he has practical ownership. The son can designate the grandson of the original creator of the trust, and thus have the money be exempt from an estate tax when it passes from the son to the grandson.

I plan to bring this question to the attention of the Senate again when the Senate considers the new Internal Revenue Act.

The PRESIDING OFFICER. The question is on agreeing to the amendments reported by the committee.

The amendments were agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. STENNIS. Mr. President, I believe there is another measure on the calendar, Order 292, Senate bill 841, covering the same subject matter as House bill 2084.

The PRESIDING OFFICER. That is correct.

Mr. STENNIS. The House bill having been passed, I think it is in order to move that Senate bill 841 be indefinitely postponed.

The PRESIDING OFFICER. Without objection, Senate bill 841 is indefinitely postponed.

EXTENSION AND REVISION OF DISTRICT OF COLUMBIA EMERGENCY RENT ACT

Mr. HENDRICKSON. I ask unanimous consent that the Senate now resume the consideration of Senate bill 1950, Calendar No. 416.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate resumed the consideration of the bill (S. 1590) to extend and revise the District of Columbia Emergency Rent Act.

Mr. NEELY. Mr. President, I believe there is an amendment which has not been acted on.

The PRESIDING OFFICER. The amendment reported by the Committee on the District of Columbia has been heretofore agreed to. The question is on the third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

EXCLUSION FROM GROSS INCOME OF INCOME FROM DISCHARGE OF INDEBTEDNESS

Mr. McFARLAND. Mr. President, I previously asked that House bill 2416, Calendar No. 305, relating to exclusion from gross income of income from discharge of indebtedness, reported from the Committee on Finance, be made the unfinished business at the conclusion of the calendar call. I now ask unanimous consent that that be done.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H. R. 2416) relating to exclusion from gross income of income from discharge of indebtedness, which had been reported from the Committee on Finance with amendments, on page 1, line 5, after the word "to", to insert "discharges of indebtedness occurring within"; and on page 2, line 2, after "(2)" to strike out "by changing the comma following the words "the Revenue Act of 1930" in the last sentence of said section to a period and striking the remainder of the sentence and insert "by striking out the last sentence thereof."

The amendments were agreed to.

Mr. McFARLAND. I requested that the bill be made the unfinished business at the conclusion of the calendar call, for the purpose of offering an amendment. I have no objection to the bill, and I know of no objection to it. When the Senate was considering the social-security bill last year a group of Senators came to me to ask about sponsoring an amendment for the aged, the blind, and dependent children. The distinguished Senator from Georgia, who had control of that bill, requested us not to do so, and asked us, if we intended to propose an amendment, to propose it to another revenue bill at some later time. The same group of Senators has come to me from time to time to talk to me about this subject. I have discussed it with the distinguished Senator from Georgia, and I wish now to offer to this bill an amendment which is designed to raise the monthly payments of the aged, the blind, the permanently and totally disabled, and dependent children.

The House has consistently insisted that social-security measures involve revenue, and therefore the only way by which any changes may be made in this type of legislation is by way of amendment to revenue bills which originate in the House and which are passed by the Congress.

Mr. President, on behalf of myself, the senior Senator from New Mexico [Mr. CHAVEZ], the senior Senator from Texas [Mr. CONNALLY], the Senator from Alabama [Mr. HILL], the Senator from Colorado [Mr. JOHNSON], the junior Senator from Texas [Mr. JOHNSON], the Senator from South Carolina [Mr. JOHNSTON], the Senator from West Virginia [Mr. KILGORE], the senior Senator from North Dakota [Mr. LANGER], the Senator from Louisiana [Mr. LONG], the Senator from Washington [Mr. MAGNUSON], the Senator from Oregon [Mr. MORSE], the Senator from Georgia [Mr. RUSSELL], the junior Senator from Mississippi [Mr. STENNIS], the senior Senator from Mississippi [Mr. EASTLAND], the Senator from Florida [Mr. HOLLAND], the Senator from Oklahoma [Mr. KERR], the junior Senator from North Dakota [Mr. YOUNG], the Senator from Minnesota [Mr. HUMPHREY], the Senator from Wyoming [Mr. O'MAHONEY], the junior Senator from New Mexico [Mr. ANDERSON], the junior Senator from Montana [Mr. ECTON], and the Senator from Nebraska [Mr. BUTLER], I submit an amendment.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read the amendment, as follows:

On page 2, after line 10, insert:

SEC. 3. (a) Section 3 (a) of the Social Security Act, as amended, is amended to read as follows:

"SEC. 3. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for old-age assistance, for each quarter, beginning with the quarter commencing October 1, 1951, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal to the sum of the following proportions of the total amounts expended during such quarter as old-age assistance, under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $55—

"(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received old-age assistance for such month; plus

"(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A); and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as old-age assistance, equal to one-half of the total of the sums expended during such quarter as old-age assistance under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30, and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for old-age assistance, or both, and for no other purpose."

(b) Section 403 (a) of such act, as amended, is amended to read as follows:

"SEC. 403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to dependent children, for each quarter, beginning with the quarter commencing October 1, 1951, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to dependent children, equal to the sum of the following proportions of the total amounts expended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $30, or if there is more than one dependent child in the same home, as exceeds $30 with respect to one such dependent child and $21 with respect to each of the other dependent children, and not counting so much of such expenditure for any month with respect to a relative with whom any dependent child is living as exceeds $30—

"(A) four-fifths of such expenditures, not counting so much of the expenditures with respect to any month as exceeds the product of $15 multiplied by the total number of dependent children and other individuals with respect to whom aid to dependent children is paid for such month, plus

"(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A); and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be

used exclusively as aid to dependent children, equal to one-half of the total of the sums expended during such quarter as aid to dependent children under the State plan, not counting so much of such expenditure with respect to any dependent child for any month as exceeds $18, or if there is more than one dependent child in the same home, as exceeds $18 with respect to one such dependent child and $12 with respect to each of the other dependent children; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to dependent children, or both, and for no other purpose."

(c) Section 1003 (a) of such act, as amended, is amended to read as follows:

"SEC. 1003. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the blind, for each quarter, beginning with the quarter commencing October 1, 1951, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the blind, equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $55—

"(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received aid to the blind for such month, plus

"(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the blind, equal to one-half of the total of the sums expended during such quarter as aid to the blind under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to the blind, or both, and for no other purpose."

(d) Section 1403 (a) of such act, as amended, is amended to read as follows:

"SEC. 1403. (a) From the sums appropriated therefor, the Secretary of the Treasury shall pay to each State which has an approved plan for aid to the permanently and totally disabled, for each quarter, beginning with the quarter commencing October 1, 1951, (1) in the case of any State other than Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the permanently and totally disabled, equal to the sum of the following proportions of the total amounts expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $55—

"(A) four-fifths of such expenditures, not counting so much of any expenditure with respect to any month as exceeds the product of $25 multiplied by the total number of such individuals who received aid to the permanently and totally disabled for such month, plus

"(B) one-half of the amount by which such expenditures exceed the maximum which may be counted under clause (A);

and (2) in the case of Puerto Rico and the Virgin Islands, an amount, which shall be used exclusively as aid to the permanently and totally disabled, equal to one-half of the total of the sums expended during such quarter as aid to the permanently and totally disabled under the State plan, not counting so much of such expenditure with respect to any individual for any month as exceeds $30; and (3) in the case of any State, an amount equal to one-half of the total of the sums expended during such quarter as found necessary by the Administrator for the proper and efficient administration of the State plan, which amount shall be used for paying the costs of administering the State plan or for aid to the permanently and totally disabled, or both, and for no other purpose."

(e) The amendments made by this section shall be effective with respect to the period beginning on October 1, 1951, and ending on September 30, 1953. Upon the termination of such period, the provisions amended by this section shall be in full force and effect as though this act had not been enacted.

Mr. McFARLAND. Mr. President, I wish to make a brief explanation of this amendment.

It is a proposal to amend the social-security law to increase by $5 per individual per month the Federal payment to States for assistance to the aged, blind, and totally disabled; and to increase payments for dependent children by $3.

AGED, BLIND, AND DISABLED

For individuals receiving old age, blindness, and disability compensation, the Federal Government would put up four-fifths, $20 of the first $25 per month, rather than three-fourths, $15 of the first $20.

Thereafter, the Federal Government would provide one-half the amount in excess of $25, and up to $55, per individual per month. At present the Federal Government pays one-half the amount in excess of $20 and up to $50.

DEPENDENT CHILDREN

With regard to dependent children, the Federal Government would be directed to put up four-fifths, $12 of the first $15 per month, rather than three-fourths, $9 of the first $12, for each dependent child. Thereafter, the Federal Government would pay half the amount in excess of $15 up to a maximum of $30 per child per month where there is only one child receiving assistance in a home, and to a maximum of $21 each for additional children in the same home.

PREVIOUS LEGISLATION

Mr. President, I would call attention to the fact that since the year 1940, the cost of living has practically doubled. Yet Congress has not increased Federal assistance to the aged, the blind, and dependent children in proportion to this increase in the cost of living. To be exact, I believe the cost of living has increased 84 percent. Yet we have not made proportionate increases in aid for these needy persons.

I proposed an amendment in 1946 which increased the Federal assistance by $5 for the aged and the blind and by $3 for dependent children. The second raise since 1940 was an amendment which I proposed in 1948, an amendment to House Joint Resolution 296. My amendment was also sponsored by Senators Sparkman, Johnston, Kilgore, Hoey, Holland, Eastland, Johnson of Colorado, Maybank, McClellan, Russell, Murray, Pepper, Myers, Taylor, Langer, Magnuson, Morse, O'Daniel, Jenner, McCarthy, Downey, and Stewart.

On June 4, 1948, the day following its introduction, my amendment passed the Senate by a vote of 77 to 2.

The bill subsequently went to the Chief Executive, who vetoed it on June 14, 1948, because of his objections to the joint resolution, which, he said, "would exclude from coverage of old age and survivors' insurance and unemployment insurance systems up to 750,000 employees." The President's only objection to the increases in payments made by my amendment was that they fell short of his recommendations.

On the same day the President's veto message was delivered, the Senate overrode the veto and again approved the joint resolution. Thus, the 3,500,000 needy persons then receiving Federal assistance got their scant half-a-loaf increase. That increase became effective October 1, 1948.

The latest release of the Bureau of Labor statistics, May 23, 1951, shows that the consumers' price, or cost of living index is up to 184.6, 12.7 points higher than the 1948 average. To put it another way, the cost of living, as indicated by this index, is 7.4 percent higher than 3 years ago.

We all know that the actual cost of living has gone up much more in this interim, but this is the over-all general figure arrived at by the Bureau.

Here are some figures from the Federal Security Agency for March of this year:

The average recipient of old-age assistance got $43.14 for the month. This included an approximate Federal contribution of 55 percent. Can you imagine any aged person living in any degree of comfort on $43? The lowest average payment was $20.55, Alabama, and the highest $67.31, California.

Aid to the blind in March averaged slightly higher, $46.69; to the permanently and totally disabled, average March assistance was $44.97; to dependent children, the average per recipient was $21.82, per family $75.01.

COST AND NUMBERS INVOLVED

I have prepared a simple chart to show the approximate numbers of persons benefiting from Federal assistance in 1948 compared with 1951, and the estimated cost of the increases provided in my amendment.

I ask unanimous consent to have the chart printed in the RECORD at this point in my remarks.

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

Category	Number of recipients		Increase in number	Increase individual per month	Cost of proposed 1951 increase per month
	February 1948	March 1951			
Old age	2,341,000	2,754,000	413,000	$5	$13,770,000
Blind	82,000	95,000	13,000	5	475,000
Disabled		80,000	80,000	5	400,000
Dependent children:					
Individuals	1,097,000	1,636,000	539,000	3	4,908,000
Families	430,000	640,000	210,000		
Total	3,520,000	4,565,000	1,045,000		
Total monthly increase					19,553,000

Mr. McFARLAND. Mr. President, the numbers of participants are to the nearest thousand, since they are taken from single months, not yearly averages. To use any closer figures, therefore, would be false accuracy.

From this table, we can see that in this 3-year period the number of beneficiaries of Federal assistance has increased about 1,045,000. About 80,000 of these persons were added when the permanently and totally disabled were included by Public Law 734 of the Eighty-first Congress. The numbers of aged have increased 413,000; of blind, 13,000; and of dependent children, 539,000.

The monthly increase in Federal payments which would be brought about by my amendment is $19,553,000. From this, we get an annual increase in cost of $233,624,000.

The total annual increase because of the 1948 amendment was estimated at $124,834,644.

For the last fiscal year, 1949–50, the total Federal contribution to public assistance was $1,038,521,000. This constituted 44.6 percent of the total amount of assistance to these people from Federal, State, and local funds.

Using $233,624,000 as the estimated increase in cost to the Federal Treasury and assuming that the grand total of Federal expenditures for the last fiscal year is representative, the amendment would provide an increase in Federal participation of 17.8 percent.

Mr. President, these aged, blind, and disabled persons and these dependent children do not have any highly paid lobbies to work for them. They are dependent upon their Representatives in Congress. If we do not do the right thing for them, who will? I personally feel that this $5-per-month increase is too small an amount, but I would rather give them $5 now, hoping the States will match it, than not to give them anything at all. This assistance has not kept step with the increases which have been made in wages and in prices of commodities.

Mr. President, I think this is the least we can do for the people included in this category. I know that it will be joyously greeted by them, will make their declining years a little bit happier, and also perhaps will give them an opportunity to get just a little bit more comfort out of life. It will also give the dependent children opportunity to receive a little better attention.

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

Mr. McFARLAND. I yield to the distinguished minority leader.

Mr. WHERRY. In the confusion, at the end of the call of the calendar I did not quite understand whether House bill 2416, Calendar No. 305, was to be taken up for consideration.

Mr. McFARLAND. Yes, I obtained unanimous consent that it be taken up after the call of the calendar was completed.

Mr. WHERRY. And the amendment the distinguished Senator is offering is an amendment to House bill 2416?

Mr. McFARLAND. Yes.

Mr. WHERRY. And now the distinguished majority leader is asking that the bill be passed as proposed to be amended.

Mr. McFARLAND. Yes.

Mr. WHERRY. The amendment is rather lengthy.

Mr. McFARLAND. It is lengthy in words, but it is very simple.

Mr. WHERRY. I believe everyone is in sympathy with the purpose of the amendment, but has the amendment been considered by the Finance Committee?

Mr. McFARLAND. It has not; because social-security measures have to originate in the House. The amendment is such a simple one that I do not believe it requires any lengthy consideration. I want to say to my distinguished friend that, as I recall, in 1948 he was one who helped secure the adoption of an identical amendment, providing for an increase of $5.

Mr. WHERRY. The chairman of the Finance Committee is present. The ranking minority member is not on the floor. I wondered whether consideration had been given to the amendment in committee, and whether it was similar to the previous legislation which was passed. Does the majority leader recall how much additional appropriation the amendment will result in when it becomes effective?

Mr. GEORGE. Mr. President, the distinguished majority leader placed the figures in the RECORD, and I presume they are correct. The Finance Committee did not consider the amendment, it has not been formally submitted to us, but it is identical with an amendment which has been adopted twice before by Congress. I understand the amendment provides that it shall be effective for a temporary period.

Mr. McFARLAND. Yes; for 2 years.

Mr. GEORGE. It is limited in time.

Mr. WHERRY. Does the distinguished chairman of the committee know what additional amount of appropriation would be called for by the amendment?

Mr. GEORGE. I do not recall.

Mr. WHERRY. My reason for making the inquiry is that there are those who criticize the Senate for increasing appropriations. I am in complete sympathy with the purpose of the amendment, but I think we should have a statement of cost for the RECORD.

Mr. GEORGE. There has been a complete statement placed in the RECORD.

Mr. WHERRY. The amendment is similar to the measure passed a couple of years ago, is it?

Mr. GEORGE. Yes; it is substantially the same. Let me ask the majority leader on that point. The effect of this amendment would be the same as that of the last bill which was passed on the subject, would it not?

Mr. McFARLAND. Yes; and the one before that.

Mr. GEORGE. And the one before that.

Mr. McFARLAND. Yes.

Mr. GEORGE. So it has been twice before the Congress.

Mr. WHERRY. I have no objection.

Mr. LONG. Mr. President, I should like to associate myself with the distinguished majority leader in offering the amendment. It seems to the Senator from Louisiana that in view of the increase in the cost of living, especially since Korea, extreme hardship is being worked on persons living on fixed income, particularly on old persons who live on small pensions, and on orphans and widows who are limited to meager welfare grants. I believe the proposal is very much needed in behalf of those unfortunate persons.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arizona [Mr. McFARLAND].

The amendment was agreed to.

The PRESIDING OFFICER. If there be no further amendment to be offered, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill (H. R. 2416) was read the third time, and passed.

Mr. McFARLAND. Mr. President, I ask unanimous consent that House bill 2416 be printed with the Senate amendments numbered.

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

DEFENSE PRODUCTION ACT OF 1951

Mr. McFARLAND. Mr. President, I stated a little while previously that I proposed to make a motion to take up a bill after the disposal of the bill which has just been passed. Before doing so, however, I ask unanimous consent that beginning next Monday, whatever business is then before the Senate be temporarily laid aside, and that we take up Calendar No. 448, Senate bill 1717, to amend and extend the Defense Production Act of 1950 and the Housing and Rent Act of 1947, as amended.

Mr. WHERRY. Mr. President, is that the so-called price-control bill?

Mr. McFARLAND. Yes.

Mr. WHERRY. I have no objection to that procedure, because it is my understanding that unanimous consent has already been given that appropriation bills have the right of way, and that the unfinished business can be temporarily laid aside so that appropriation bills may be considered.

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

Mr. McFARLAND. I yield.

Mr. HUMPHREY. I wish to ask the majority leader what his plans are in reference to Senate bill 630, calendar 227. That bill, as Senators know, is vital to the operation of one of the standing subcommittees of the Senate. Unless action is taken on that measure the work of our subcommittee will simply have to come to a halt. The counsel of the subcommittee is affected by the measure.

Mr. McFARLAND. I do not believe the Senator from Minnesota was present at the time we discussed the question of taking up that bill. The distinguished Senator from Utah [Mr. WATKINS] was ill at the time we referred to it. He has told me that his doctor has informed him that he should not stand on his feet for any length of time. I am willing to take up the bill at almost any time in the future when we can find a fitting opportunity.

Mr. WHERRY. Mr. President, there will be no objection to consideration of the bill. I am satisfied that within a day or two the distinguished Senator from Utah will be able to present his observations on the subject. I shall endeavor to work out that matter with the majority leader. I believe the Senator from Montana [Mr. MURRAY] is not in the city.

Mr. McFARLAND. No. We will take up the bill, however, in spite of his absence.

Mr. HUMPHREY. Mr. President, I merely want to state what the facts are so the RECORD will be clear on that point. The chairman of the Committee on Labor and Public Welfare, the Senator from Montana [Mr. MURRAY] is absent on public business, and left the matter in the hands of the chairman of the Subcommittee on Labor-Management Relationships. The individual to whom the bill applies has been the counsel for the subcommittee for nearly 2 years. A measure similar to the measure in question was passed a year ago, so he could continue to serve as our counsel. He has been serving for our subcommittee without pay, on a voluntary basis since January 1951. This has been going on now for 6 months.

While I have much warm-hearted concern for the welfare and health of our colleague from Utah, I submit that we simply cannot conduct the work of the subcommittee if the measure is not passed. At least we shall be obliged to tell the present counsel that we can no longer use his services. The work of this man has been very helpful and useful in connection with some of the proposed legislation before us.

Mr. McFARLAND. Mr. President, the majority leader will take this matter up with the minority leader and the Senator from Utah, and we will endeavor to agree on a date when the measure can be taken up.

Mr. WHERRY. I assure the distinguished majority leader that there is no disposition at all on the part of the minority or on the part of the Senator from Utah to hold up consideration of the measure. The only reason why it was held up was because the Senator from Utah was ill in the hospital. He is back now. He is not too strong, but I am satisfied that so far as the minority is concerned, whenever the majority leader wishes to have a date fixed, we will try to work it out with him.

Mr. HUMPHREY. I have impressed on the majority leader that this is a matter of urgency, and that the bill should be brought up for action as soon as possible. A date should be fixed on which we can take it up for consideration.

Mr. McFARLAND. I will take the matter up further with the minority leader and the Senator from Utah, so we may agree on a date.

PRICING PRACTICES

Mr. McFARLAND. Mr. President, in order to keep faith I move that the Senate now proceed to the consideration of Senate bill 719, Calendar No. 233.

Mr. LONG. Mr. President, I should like to ask the majority leader what his plans are for the remainder of the day. Does he propose to bring up the bill at this time? There are very few Senators present on the floor now. As one personally opposed to the bill, believing it to be the hidden-ball play of the Eighty-second Congress, the junior Senator from Louisiana would like to know whether the majority leader intends to proceed with the debate on the bill this afternoon, or whether he intends to recess until Monday, in the event it is agreed to proceed to consideration of the bill.

Mr. McFARLAND. The distinguished Senator from New Jersey [Mr. HENDRICKSON] wishes to make an address. I had thought that by the time he had finished perhaps other Senators might wish to speak, and then we could probably take a recess. Whether we should go over until Monday or until tomorrow will depend upon whether Senators interested in the bill wish to proceed with it tomorrow, or whether they wish simply to make it the unfinished business. The committees could use all day tomorrow in working upon important appropriation and other bills.

I ask the distinguished Senator from Colorado [Mr. JOHNSON] whether he cares to proceed with the debate tomorrow?

Mr. JOHNSON of Colorado. Mr. President, I am only one of many Senators who are supporting this bill. So far as I am concerned, I should be very glad, after the bill is made the unfinished business, to have it go over until after the controls bill has been disposed of. However, I think it ought to be made the unfinished business.

EXCLUSION FROM GROSS INCOME OF INCOME FROM DISCHARGE OF INDEBTEDNESS

Mr. TAFT. Mr. President, I move to reconsider the vote by which House bill 2416, Calendar 305, relating to exclusion from gross income of income from discharge of indebtedness, passed the Senate today.

The PRESIDING OFFICER. The motion will be entered.

Mr. WHERRY. Mr. President, I assure the majority leader that so far as the junior Senator from Nebraska is concerned it is perfectly agreeable to make Senate bill 719 the unfinished business and then to proceed with the controls bill. If it is necessary for the committees to work tomorrow, they can do so, and the Senate can stand in recess until Monday.

Mr. McFARLAND. Mr. President, I withdraw my motion to proceed to the consideration of Senate bill 719 in order to have a quorum call and get a vote on the motion of the Senator from Ohio [Mr. TAFT] to reconsider the vote by which House bill 2416 was passed. It is very important that we pass upon the question of whether the aged, blind, disabled, and dependent people may receive a little increase in assistance. I think we might as well dispose of it now. I am sorry the distinguished Senator made his motion, because if other matters are taken up they may require some time, and delay consideration of Senate bill 719. I withdraw the motion that the Senate proceed to the consideration of Senate bill 719.

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

The PRESIDING OFFICER (Mr. HENNINGS in the chair). The clerk will call the roll.

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

Anderson	Green	McKellar
Bennett	Hayden	McMahon
Benton	Hendrickson	Millikin
Brewster	Hennings	Monroney
Bricker	Hickenlooper	Moody
Bridges	Hill	Mundt
Butler, Md.	Hoey	Neely
Byrd	Holland	Nixon
Cain	Humphrey	O'Mahoney
Capehart	Ives	Pastore
Carlson	Johnson, Colo.	Robertson
Case	Johnson, Tex.	Russell
Chavez	Kefauver	Schoeppel
Clements	Kem	Smith, Maine
Connally	Kerr	Smith, N. J.
Cordon	Kilgore	Smith, N. C.
Douglas	Knowland	Sparkman
Duff	Lehman	Stennis
Dworshak	Lodge	Taft
Eastland	Long	Thye
Ecton	Magnuson	Watkins
Ellender	Malone	Welker
Ferguson	Maybank	Wherry
Flanders	McCarran	Wiley
Frear	McCarthy	Williams
Fulbright	McClellan	Young
George	McFarland	

The PRESIDING OFFICER. A quorum is present.

A RULE OF RELEVANCY IN SENATE DEBATE

Mr. HENDRICKSON. Mr. President, the thoughts of many Members of this body are currently focused on means to improve our organization and operations. I refer, of course, to the Senate of the United States. Progress to date and areas for improvement under the Congressional Reorganization Act are now being examined by the Senate Expenditures Committee. On the 19th of this month the junior Senator from Connecticut [Mr. BENTON] submitted to the Douglas Ethics Subcommittee a most noteworthy decalogue for Senators to follow.

On the 24th of May I gave notice of an intention to bring to the Senate the results of my study of glaring weaknesses in our legislative proceedings. At that time I had inserted into the RECORD the penetrating observations of Robert Heller on congressional shortcomings, as his observations appeared in the New York Times. Today I am submitting a Senate resolution calling for Senate adoption of "a relevancy rule requiring debate on the floor to be germane to the pending business." My plea is an oft-heard one in this Chamber—a plea for relevancy in debate.

Who is there in this Chamber who will deny that one of the great heritages that is ours as Americans is efficiency? Indeed, efficiency is one of the great symbols of America today. When someone comes along with a better toothbrush, a better telephone, or a better hat, it will be an American who created it; but the thing that perturbs me is that when someone devises a more inefficient legislative body it is sure to be a Member or alumnus of the United States Senate. Mr. President, the inefficiency of this body simply does not comport with the traditional efficiency that so typifies America.

Consider for a moment that epitome of American efficiency, the automobile assembly line. Can we conceive of the engineers, right at the point where the chassis are attached to the frames, all of a sudden starting to assemble refrigerators and leaving the half-assembled cars to wait? That is exactly what we do, in effect, in the Senate. An appropriation bill comes off the drawing boards of the Appropriations Committee and then enters the legislative mill here on the floor. Right in the midst of the debate, someone will start producing refrigerators—in the form of a digression on grain to India, the Missouri River, the MacArthur affair, or a tribute to National Song and Dance Week.

Mr. President, no one can legitimately say that the Senate does not move. We move, all right, but in so many different directions that forward progress is often indiscernible. I cannot help thinking of a stranger who was traveling through one of our New Jersey country towns recently and asked a farmer for directions. "Where's such-and-such a town?" "Don't know," said the farmer. "Well, what county is this?" the stranger queried. "Don't know," said the farmer. "Say, you don't know much, do you?" "Nope, but I ain't lost." [Laughter.]

I am sure the digressors in Senate debate are not lost, either. But they "shore" leave the rest of us floundering for direction.

I am a youngster in this body, but during the 2½ years of my service here, I have become impressed with the high cost of irrelevancy in time, expense, interest, and mental concentration. My experiences are not unique, Mr. President. I am certain that every Member here has had the experience of doing his homework on legislation to be taken up the next day. When he arrives in the Senate the next day, ready to deliberate on the measure, one of his distinguished colleagues secures the floor and proceeds to deliver a 2-hour speech on the significance of—perhaps—Custer's last stand.

Thereafter the floor clears, and some Members finally get back to their offices and start their thought processes off in other directions, and then the buzzer sounds a quorum call. Back we come, and the roll is called; and if the fates be willing, perhaps we ultimately consider the scheduled item of business.

It seems unbelievable, Mr. President, that we would tolerate for a minute such a wasteful and haphazard procedure of legislating for the United States of America. Irrelevancy in debate dishonors our high calling and impugns our good sense. When I begin to add up the wasted motion, the apathy and inadequate consideration of bills, all of which are fruits of irrelevant speech-making, then I know the truth of Robert Luce's indictment that toleration of irrelevancy is "perhaps the most grievious element in the procedure of Congress." An added hurt comes from the fact that this great student of the Congress made that indictment in 1922, and we are still guilty as charged.

Lest certain of my esteemed colleagues fear an attack on the filibuster, let them be calm. I have my views about Senate "talkathons," but I am not voicing them here today. Of course, irrelevant material is the main crutch of a man who speaks 8 or 12 or 15 hours to prevent consideration of a bill. I am sure, for example, that one might secure a free collection of most of Shakespeare's works by going back and clipping from the CONGRESSIONAL RECORD quotations from him used during Senate filibusters.

But I am not half so concerned about the semiannual filibuster as I am about the almost daily flights into irrelevancy which carry us far afield from the superabundant work we have to do.

The problem of relevancy of debate, Mr. President, must surely be as old as legislative bodies themselves. We know that the Mother of Parliaments, the House of Commons, has and enforces a strict prohibition against irrelevancy. Rule XIV governing our colleagues in the other Chamber provides that—

> When any Member desires to speak or deliver any matter to the House * * * he shall confine himself to the question under debate, avoiding personality.

And, as I understand, that rule is strictly enforced.

Jefferson's Manual, long a guidebook for this body here, said that—

> No one is to speak impertinently or beside the question, superfluously, or tediously.

According to Burdette, a contemporary student of the Senate, Jefferson's injunction against irrelevancy was fairly well applied by Senate Presidents up to the 1840's.

But, during that decade, just a hundred years ago, the precedents became conflicting. In one instance, the Senate voted a Member out of order on irrelevancy grounds, whereas a month earlier it had allowed another Member to proceed who had been ruled out of order by the President.

It was our predecessors of the Forty-second Congress who issued the license for irrelevancy under which we have conducted our debates to the present day. On February 29, 1872, the Senate, by a vote of 28 to 18, refused to sustain a ruling of the Chair that a Senator was out of order for not speaking to the point. Better that the extra day of leap year had not happened and that the question had not been raised. For since then a point of order on irrelevancy has never been sustained against a Member of the Senate. What I am proposing in my resolution is that we revoke this license for irrelevancy. Let us put a stop to 80 years of rambling.

Nothing humbles me quite so much, Mr. President, as a moment's reflection on some of the portentous matters requiring our considerate judgment—the military-assistance program and North Atlantic Treaty, the Internal Security Act, the appropriations for national defense, and so many others. How can we dare longer to operate under rules which substitute for a wise and systematic consideration of issues a procedure marvelously designed to befuddle, confuse, and delay? Well might we re-echo the heated words of President Wilson, uttered after a Senate filibuster on a World War I measure, in a crisis period surely less serious than that of today. I quote the great President:

> In the immediate presence of a crisis fraught with more subtle and far-reaching possibilities of national danger than any the Government has known within the whole history of its international relations, the Congress has been unable to act either to safeguard the country or to vindicate the elementary rights of its citizens. More than 500 of the 531 Members of the two Houses were ready and anxious to act; the House of Representatives had acted, by an overwhelming majority; but the Senate was unable to act because a little group of 11 Senators had determined that it should not. * * * The Senate of the United States is the only legislative body in the world which cannot act when its majority is ready for action. A little group of willful men, representing no opinion but their own, have rendered the great Government of the United States helpless and contemptible * * *.
>
> The only remedy is that the rules of the Senate shall be so altered that it can act. The country can be relied on to draw the moral. I believe that the Senate can be relied on to supply the means of action and save the country from disaster.

Mr. President, that is a quotation from one of the greatest statesmen the country ever produced.

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

Mr. HENDRICKSON. I prefer not to yield until I conclude.

An amendment to the Senate rules was adopted 4 days later, on March 8, 1917. Familiar to all of us as the cloture rule, it now stands in amended version as section 2 of rule XXII of the Senate Rules. That rule proscribes irrelevance when cloture is being applied.

Obviously, that rule is not enough, for the "sin doth continue." In proposing this amendment to our rules of procedure, I am espousing both an ancient and, perhaps, a martyr's cause. Proposals to curb irrelevancy were introduced, for example, in 1914, and again in 1925. And the last two men who championed the reform lost their Senate seats last November—albeit for other reasons, I hope and pray. May I call attention to the conclusions arrived at by the former majority leader, former Senator Scott Lucas, after his long efforts to give direction to our deliberations:

> Mr. President, I believe that Members on both sides of the aisle have indulged too often in exhaustive debates and I have pleaded again and again for voluntary limitations on speeches. I have advocated a rule of relevancy, in order to enable the Senate to conduct its business with the efficiency desired by the American people.
>
> Just as certainly as I stand before the Senate today, Mr. President, in order to handle all the controversial and important problems the American Government must solve from this time on, in the role of world leadership which we acquired in World War II, the rule of relevancy and germaneness must come into existence in the United States Senate. Such a rule is necessary if we are to expedite the business of the Government in the efficient manner the people of the Nation expect us to handle their affairs. It is high time we break away from the lethargy which has been displayed here and from the doctrines of the past and adopt some rules in the Senate that will really give us an opportunity to transact some business.

My resolution to amend rule XIX of the Standing Rules of the Senate is intended to accomplish just that. In case one of my distinguished colleagues should suggest stare decisis as a reason for leaving past sins unredeemed, let me say here and now that precedents in the right command my wholehearted respect, but I cannot for an instant honor precedents in the wrong. Now and again, the Supreme Court reverses itself with singularly beneficial results—as in the 1925 Gitlow decision, when the Court finally got around to deciding that some of the privileges secured in the Bill of Rights were protected against State encroachment by the fourteenth amendment. For the Senate now to reverse that crusty precedent of 1872 would have telling effects as well for this body. Mr. President, let us take the hoary bull of tradition by the horns and throw off the yoke of the 1872 precedent which has burdened us all these years with the evils of irrelevancy.

Let me dispel right now any false notion that I want to stop Senators from talking. One attains some conception of the impossible even after only 2 years here. My resolution, if adopted, will not limit debates; rather, it will only cut off that which is not debate. An important corollary of the proposed rule is that sufficient time be set aside each week for eulogies, nonsensicals, tidbits, and miscellany. During the hours thus set aside those of us who want to be moved, impressed, or entertained can come and listen with rapt attention; those who do not can get something accomplished for State and Nation in their offices or in the committee rooms. And during the hours of regular legislative business, when irrelevancy will be barred, we as a body shall move ahead with minds and voices unitedly directed toward the measure pending before us. In giving direction to our freedom to discuss, this resolution will not affect how much we may say, but only when we may say it. To my way of thinking, this veritable temple of freedom will be less encumbered, freer and wiser than ever before.

I now send the resolution to the desk, Mr. President, and ask that it be appropriately referred.

The resolution (S. Res. 158), submitted by Mr. HENDRICKSON, was received and referred to the Committee on Rules and Administration, as follows:

> *Resolved*, That paragraph No. 1 of rule XIX of the Standing Rules of the Senate (relating to debate) is amended by adding at the end of the first sentence thereof the following: "A Senator, upon being recognized, shall confine himself to the question under debate."

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

Mr. HENDRICKSON. I yield.

Mr. LEHMAN. I congratulate the Senator from New Jersey on his very clear and cogent presentation of his case. It is entirely in line with my own thinking. On last Monday I appeared before the Committee on Expenditures in the Executive Departments and made a plea for a rule which would commit the Senate to the observance of germaneness or relevancy. I said at that time:

> Finally, we come to the question of germaneness or relevancy. No single aspect of our proceedings so puzzles and amazes the general public as our present practice of permitting any Senator during the consideration of almost any question to address himself to any subject under the sun whether or not it has the remotest reference to the pending question.

I mention that only to indicate to my distinguished colleague that I shall be very glad indeed to support the resolution which he has introduced. I think it is high time that the Senate should observe the rules of relevancy and germaneness.

Mr. HENDRICKSON. Mr. President, I thank the Senator from New York, and I also commend him for the efforts which he has been putting forth in this direction.

Mr. LEHMAN. I wish to correct one statement of the Senator in which he made reference to the fact that two Senators who advocated the rule of germaneness and relevancy were defeated in their election last year. I should like to point out that I, too, advocated that rule, and was not defeated, but was elected in my own State.

Mr. HENDRICKSON. That is a very gratifying observation. I said in my remarks that I hoped the Senators were not defeated because of their efforts to bring to the Senate of the United States a rule of relevancy.

I yield the floor.

Mr. WHERRY. Mr. President, I express my appreciation of the very forceful address which has been made by the junior Senator from New Jersey. As a member of the Committee on Rules and Administration I wish to say that the subject of his remarks is one which has been discussed not only at this session, but from the beginning of the sessions of the United States Senate. The unfortunate thing about it is that if we desire to change the rule, we have to be prepared to break a filibuster. That means that we must meet around the clock. But that does not prevent one's advocating a constructive change in the rules.

Mr. President, I should like to make a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. WHERRY. The distinguished Senator from New Jersey asked for appropriate reference. I should like to ask the distinguished occupant of the chair to what committee the resolution will be referred.

The PRESIDING OFFICER. The Chair is advised that the resolution has been referred to the Committee on Rules and Administration.

Mr. WHERRY. I thank the distinguished occupant of the chair for that answer, because, while it is perfectly agreeable for the Committee on Expenditures in the Executive Departments to look into legislation and possibly to evaluate it, I am quite satisfied that this resolution should be sent to the Committee on Rules and Administration, which I think has full jurisdiction.

Mr. HENDRICKSON. Mr. President, I rise to thank the distinguished Senator from Nebraska for what he said concerning the junior Senator from New Jersey.

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

Mr. WHERRY. I yield.

Mr. LONG. In the Eighty-first Congress, through the efforts of the Senator from Nebraska and other Senators, the Senate succeeded in obtaining a rule that a two-thirds majority could shut off debate. Therefore, it is possible to have cloture when two-thirds of the Senate is anxious to shut off debate.

Mr. WHERRY. I agree with the Senator that we made a great step forward in providing for the first time such a rule, under which there is a possibility of filing a cloture petition or motion. That situation had never before obtained. There are those who feel that the rule of constitutional majority should be changed to two-thirds of those present and voting. We did not change the procedure for amending the rules.

I again thank the distinguished Senator from New Jersey for his fine speech. He is a member of the Committee on Rules and Administration, and, working with the calendar, I am satisfied that he has been relating to the Members of the Senate the experiences he has been

through in the Senate. At times it seems that the procedure is very awkward and very difficult. I am glad the Senator has offered his resolution, but I remind Senators that if there is to be a rule change, it will require not only the necessary legislation, but the ability to put it through the Senate.

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

Mr. WHERRY. I yield.

Mr. LEHMAN. I understand that in order to change the rule we have to change the rule which protects filibusters.

Mr. WHERRY. We first have to be able to get the question before the Senate. That has not been changed.

Mr. LEHMAN. I realize that. I have introduced a resolution to change the rules which protect filibusters, to end a filibuster on a reasonable basis and at a reasonable time. I am sure that resolution has been or will be referred to the Committee on Rules and Administration. With all respect to the distinguished minority leader, if he will support my resolution changing the rules as to filibusters, I believe there would be a very excellent chance of getting it through the Senate. I bespeak his support for my resolution. I think it would go a long way toward ending filibusters, and yet would protect the right of Members of the Senate to express themselves freely.

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

Mr. WHERRY. I should like, first, to make a comment. It is unusual for the Senator from New York to overwhelm me with flattery or commendation, and I thank him. I appreciate it very much. I am not acquainted with all the reasons he has submitted for his resolution, but I will say to him, in all seriousness, that as one who has studied the rules, I am as anxious as he is to change constructively the rules of the Senate as much as we can. I will say now, as I have said many times before, that it is acceptable to me that a cloture petition should require only a two-thirds vote. We could not accomplish that. We debated around the clock one or two nights, but we did get, I think, a workable rule. We shall do the best we can, and I think we should continue to improve the rules. I think it would make the Senate procedure more workable. The point I still wish to drive home is that regardless of how perfect the proposal may be—and I know the Senator from New York drafts resolutions and bills which illustrate what he is thinking—we still must have the ability to break a filibuster when we are going to change a rule and certain Members of the Senate do not want to have the rule changed. To break a filibuster requires that there must be a quorum 24 hours a day, around the clock. I have agreed to that in the past, but about the third night Senators are ready to do anything possible to get the Senate to take a recess.

Mr. LONG. Mr. President, I am sure the distinguished minority leader knows from past experience that if it is proposed that a gag rule of the type proposed by the Senator from New York should be taken up for consideration, the Senator had better plan to wait until we have 2 or 3 months' time available to sit around and listen to the debate.

Mr. WHERRY. Mr. President, I do not know whether the proposal is for a gag rule. I do not know what it is. I will say that I want to protect unlimited debate in the United States Senate. I feel, however, that at times when debate has been exhausted, a cloture petition should be filed. I believe that at some time those who wish to vote on a question should have their day in court. That is my position.

Mr. LEHMAN. Mr. President, will the Senator from Arizona yield to me for a very brief observation?

Mr. McFARLAND. I yield.

Mr. WHERRY. Mr. President, I inquire who has the floor?

The PRESIDING OFFICER. The Senator from Nebraska has the floor, unless he yields it now.

Mr. WHERRY. No; I do not yield now, because I told the able Senator from New York that I would yield to him. I now yield to him.

Mr. LEHMAN. Mr. President, I am encouraged by the statement of the Senator from Nebraska that he will support a movement to liberalize and make less burdensome the Senate rule which by common consent bears his name, which is so stringent that it is perfectly evident to me, as I believe it must be evident to other Members of the Senate, that there is no way of breaking a filibuster.

Mr. WHERRY. Mr. President, with that statement I totally disagree. The present cloture rule is workable. It has been demonstrated that it is workable. It will not accomplish completely what the Senator from New York wants accomplished, and I will say that it does not accomplish exactly what I want it to accomplish. Instead of it being necessary that there be a constitutional two-thirds of the Members of the Senate voting for cloture, I should like to have it provide that action could be taken by a vote of two-thirds of the Senators present. I should like to have the rule changed so a motion for cloture could be adopted by two-thirds of the Senators present. I think it would be a good thing if that were possible.

I am glad now to yield the floor.

CONVENTIONS AND RECOMMENDATIONS BY INTERNATIONAL LABOR CONFERENCE—MESSAGE FROM THE PRESIDENT (H. DOC. NO. 176)

The PRESIDING OFFICER laid before the Senate the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Labor and Public Welfare:

To the Congress of the United States:

In accordance with the obligations of the United States of America as a member of the International Labor Organization, I transmit herewith, for the enactment of legislation or such other action as the Congress may consider appropriate, authentic texts of two conventions and two recommendations adopted at the thirty-second session of the International Labor Conference, held at Geneva from June 8 to July 2, 1949.

The conventions and recommendations are:

Convention (No. 95) concerning the protection of wages;

Convention (No. 98) concerning the application of the principles of the right to organize and to bargain collectively;

Recommendation (No. 85) concerning the protection of wages; and

Recommendation (No. 87) concerning vocational guidance.

I transmit also the report of the Secretary of State with regard to the abovementioned conventions and recommendations, together with copies of letters from the Secretary of Labor to the Secretary of State setting forth the coordinated view of the interested departments and agencies of the executive branch of the Government with respect to those instruments.

I am requesting the Secretary of the Interior to transmit the texts of the two conventions and two recommendations to the governments of Alaska, Guam, Hawaii, Puerto Rico, and the Virgin Islands for the enactment of legislation or other action. For action and advice with respect to American Samoa and the Trust Territory of the Pacific Islands, I am transmitting the conventions and recommendations to the Secretary of Defense and also, in view of the projected transfer of jurisdiction over those areas, to the Secretary of the Interior.

HARRY S. TRUMAN

THE WHITE HOUSE, *June 21, 1951.*

(Enclosures: (1) Report of the Secretary of State; (2) three letters from the Secretary of Labor (copies); (3) authentic texts of conventions and recommendations.)

EXECUTIVE SESSION

Mr. McFARLAND. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to consider executive business.

EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER (Mr. HENNINGS in the chair) laid before the Senate a message from the President of the United States submitting sundry nominations, which was referred to the Committee on Armed Services.

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

The PRESIDING OFFICER. If there be no reports of committees the nominations on the calendar will be stated.

FEDERAL POWER COMMISSION

The Chief Clerk read the nomination of Claude L. Draper, of Wyoming, to be a member of the Federal Power Commission.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

UNITED STATES CIRCUIT JUDGE

The Chief Clerk read the nomination of Harold R. Medina, of New York, to be United States circuit judge, second circuit.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

UNITED STATES DISTRICT JUDGE

The Chief Clerk read the nomination of Thomas F. Murphy to be United States district judge for the southern district of New York.

Mr. WHERRY. Mr. President, by request, I ask that that nomination go over for today.

The PRESIDING OFFICER. Without objection, the nomination will be passed over.

UNITED STATES ATTORNEYS

The Chief Clerk read the nomination of Joseph T. Votava to be United States attorney for the district of Nebraska.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Leo P. Flynn to be United States attorney for the district of South Dakota.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

UNITED STATES MARSHAL

The Chief Clerk read the nomination of John M. Moore to be United States marshal for the eastern district of Kentucky.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

That concludes the nominations on the calendar.

Mr. McFARLAND. I ask unanimous consent that the President be immediately notified of all confirmations of today.

The PRESIDING OFFICER. Without objection, the President will be immediately notified.

LEGISLATIVE PROCEDURE

The Senate resumed legislative session.

Mr. WHERRY. Mr. President, the RECORD, when we read it tomorrow, will show that at just about the time when action was to be taken on a motion to take up for consideration Calendar 233, Senate bill 719, the senior Senator from Ohio [Mr. TAFT] somehow obtained the floor and made a motion to reconsider the action taken on House bill 2416, Calendar 305. What was done is a matter of record.

I should like to state that I am very much disappointed that the motion was not put and that action was not taken which would make Senate bill 719 the unfinished business. I wish to point out for the record that, in order to cooperate with the majority leader, no further effort will be made tonight to make that bill the unfinished business; yet I hope that when the motion to reconsider the vote by which House bill 2416 was passed is acted on, the distinguished majority leader will renew his motion on the basis on which it was offered this afternoon.

Mr. McFARLAND. I expect to do that. I have talked with the senior Senator from Ohio [Mr. TAFT], and it is agreeable with him that we dispose of his motion shortly after the Senate reconvenes tomorrow at 12 o'clock noon.

Mr. WHERRY. I thank the Senator.

RECESS

Mr. McFARLAND. Mr. President, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 5 minutes p. m.) the Senate took a recess until tomorrow, Friday, June 22, 1951, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 21, 1951:

The following-named (Naval ROTC) to be ensigns in the Navy:

James R. Bachtold
Richard L. Bailey
Earl E. Bethke, Jr.
Walter D. Burch
Thomas J. Collins
John T. Cooper
Roland L. Cooper
William C. Dewey
Richard J. Edris
Chester C. Edwards
William L. French
Donald R. Holman
Robert C. Irwin
Rockne H. Johnson
Charles C. Keathley
Richard F. Kilburg
Robert B. McCoy
Thomas S. Mitchell
David R. Morton
Thomas R. Overdorf
Duane E. Peak
Carl R. Pendell
Thomas J. Powers
Richard F. Rockwell
Eugene P. Schwartz
John W. Simmons III
Harold A. Steen
Travis L. Story, Jr.
Homer B. Teafatiller
Richard H. Wilcox
Thomas H. Willings, Jr.

Richard M. Stafford (Naval ROTC) to be an ensign in the Navy, in lieu of ensign in the Navy, as previously nominated and confirmed, to correct name.

Frederick N. Larivee, Jr. (Naval ROTC) to be a second lieutenant in the Marine Corps.

The following-named (civilian college graduates) to the grade indicated in the Medical Corps of the Navy:

LIEUTENANTS (JUNIOR GRADE)

Howard Adler
John P. Anderson
Leo J. Corazza
Ernest Gosline
Clifford E. Keeler
William G. Mask
Charles H. Miller
James E. Odell
Jed Paul
Richard C. Smith
Melvin B. Sullivan, Jr.
Ned H. Wiebenga

The following-named (civilian college graduates) for temporary and permanent appointment to the grade and corps indicated:

The following-named for temporary appointment:

LIEUTENANT COMMANDER, MEDICAL CORPS

James R. McShane

The following-named for permanent appointment:

LIEUTENANT, MEDICAL CORPS

James R. McShane

The following-named (civilian college graduates) to the grade indicated in the Dental Corps of the Navy:

LIEUTENANTS

Frank M. Ball, Jr.
Frank N. Ellis
Wade H. Hagerman, Jr.
Edwin M. Sherwood

LIEUTENANTS (JUNIOR GRADE)

Andrew J. Bartosh
Richard A. Fogg
Louis T. Foley
Loren V. Hickey
Carl E. Housekeeper
Neal A. Sprague
Andrew Wyda

The following-named woman (civilian college graduate) to be an ensign in the Navy:

Dorothea J. Meadows

The following-named to be ensigns in the Nurse Corps of the Navy:

Barbara E. Brookfield
Ruth M. Carmichael
Mary A. Conley
Dorothy M. Connell
Delphine DeMarco
Florence S. Hass
Laura J. Little
Winifred MacElree
Mary W. Nesbit
Elizabeth J. Rhinard
Berta M. Saavedra
Eleanor M. Salow
Ethel V. I. Satterlund
Marilyn A. Sorenson
Golda R. Spencer
Dolores L. Stahr
Myrtle E. Urban
Nancy M. Van Atta
Patricia J. VanCleave
Mildred E. Woodruff

The following-named women officers to the grades indicated in the Nurse Corps of the Navy:

LIEUTENANTS

Mary E. Asher
Dorothy C. Becker
Miriam E. Bittle

LIEUTENANTS (JUNIOR GRADE)

Helen V. Chase
Sue E. Smoker

CONFIRMATIONS

Executive nominations confirmed by the Senate June 21, 1951:

FEDERAL POWER COMMISSION

Claude L. Draper, of Wyoming, to be a member of the Federal Power Commission for the term expiring June 22, 1956.

UNITED STATES CIRCUIT JUDGE

Harold R. Medina, of New York, to be United States circuit judge, second circuit.

UNITED STATES ATTORNEYS

Joseph T. Votava to be United States attorney for the district of Nebraska.

Leo P. Flynn to be United States attorney for the district of South Dakota.

UNITED STATES MARSHAL

John M. Moore to be United States marshal for the eastern district of Kentucky.

HOUSE OF REPRESENTATIVES

THURSDAY, JUNE 21, 1951

The House met at 10 o'clock a. m.

The Rev. Dr. Joseph F. Thorning, associate editor of the Americas, offered the following prayer:

Almighty and Eternal God, look down with favor upon the Speaker of this House, the Members of the Congress, and their colleagues in the other American republics.

Grant to our leaders the light of Thy graces and the blessings of Thy wisdom.

Vouchsafe to the President of the United States of America and to the Chief Executive of our sister Republic, Ecuador, whose noble-hearted son is a guest of our Nation, the splendors of Thy love so that all Americans may continue to form a company of brothers.

Inspire our people generously to uphold the hands of our good neighbors by prayer and sacrifice.

This we ask in the name of our Saviour, "the Christ of the Andes." Amen.

The Journal of the proceedings of yesterday was read and approved.

DISCHARGE PETITION NO. 4 ON TOWNSEND BILL, H. R. 2678

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. ANGELL. Mr. Speaker, on February 16, 1951, I introduced H. R. 2678, and my colleague, the gentleman from Minnesota [Mr. BLATNIK], introduced a companion bill, H. R. 2679. One or more additional bills identical in language, I

understand, have been introduced by other colleagues. The bills were referred to the Ways and Means Committee on February 16.

The objective of this legislation, known as the Townsend recovery plan, is to provide every adult citizen in the United States with equal basic Federal insurance, to permit retirement with benefits at the age of 60, and to cover total disability from whatever cause for certain citizens under 60; to give protection to widows with children; to provide an ever-expanding market for goods and services through the payment and distribution of such benefits in ratio to the Nation's steadily increasing ability to produce, with the cost of such benefits to be carried by every citizen in proportion to the income privileges he enjoys.

Seventy-eight House members petitioned the Ways and Means Committee as follows:

The undersigned Members of the Eighty-Second Congress respectfully request that the Ways and Means Committee report House Resolution 2679, commonly known as the Townsend plan, out of committee and to the House of Representatives, for action.

In view of the fact that the Ways and Means Committee has taken no action on the legislation and the time is approaching for a recess of the Congress, I have filed today Discharge Petition No. 4, which is on the Clerk's desk.

I most respectfully urge all Members of the House who are interested in providing adequate security benefits for the aged, dependent widows and orphans to sign Discharge Petition No. 4 so that the legislation may be brought to the floor for consideration. If 218 Members of the House sign it will be brought up under an open rule so that any germane amendments may be brought up and voted on. Later in the day I hope to get time to discuss the bill at greater length.

RAILROAD RETIREMENT ACT

Mr. PERKINS. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. PERKINS. Mr. Speaker, as all of us know, the House Committee on Interstate and Foreign Commerce is now considering improvements in the Railroad Retirement Act. I am deeply interested in this move and I hope that the committee will expeditiously report a bill in order that we may vote it up in the House.

The Railway Labor Executives Association, with whom all Members of the House are familiar, is supporting H. R. 3669 by Mr. CROSSER, of Ohio. This bill makes badly needed improvements in the Retirement Act. It affords to widows and children the increases to which they are so justly entitled. In addition, H. R. 3669 gives to all beneficiaries under the Railroad Retirement Act very substantial increases in keeping with the general advances in the cost of living. Also, H. R. 3669 adjusts the basic Railroad Retirement Act to facilitate good administration.

In addition to all of these benefits which I have mentioned, this bill makes provision for financing the suggested improvements. It is an easy thing to stand here on the floor and advocate giving someone something, but we must always bear in mind that costs must be met. The RLEA bill meets costs that are created by additional benefits. This bill is balanced, costs are balanced against income and the future of the retirement fund is not endangered.

The people of Kentucky are anxious that railroad pensioners, annuitants, and survivors not be crushed between low benefits and rising costs. I am supporting H. R. 3669, and I feel confident that every Member will do likewise after he has had an opportunity to study the problem and the bills now before the Interstate Commerce Committee. Good judgment requires that the committee report H. R. 3669, and the House in its wisdom will undoubtedly pass the bill by a big majority.

CALL OF THE HOUSE

Mr. BISHOP. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently there is no quorum present.

Mr. McCORMACK. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 82]

Adair	Gavin	Miller, N. Y.
Allen, La.	Gillette	Morrison
Beall	Gossett	Murray, Wis.
Blatnik	Gwinn	Norblad
Breen	Hays, Ark.	O'Konski
Buckley	Holifield	Patman
Byrne, N. Y.	Irving	Phillips
Camp	Javits	Pickett
Carnahan	Johnson	Powell
Celler	Kelley, Pa.	Preston
Chatham	Kersten, Wis.	Rivers
Coudert	Kilday	Sasscer
Cox	LeCompte	Scudder
Crosser	Lyle	Stockman
Dawson	McCarthy	Taylor
Dingell	McGrath	Tollefson
Durham	Mack, Ill.	Velde
Engle	Magee	Vorys
Evins	Mason	Wheeler
Fallon	Merrow	Whitaker
Flood	Miller, Calif.	Woodruff

The SPEAKER. On this roll call 369 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

COMMITTEE ON EXPENDITURES

Mr. LUCAS. Mr. Speaker, I ask unanimous consent that the subcommittee studying the Wage Stabilization Board may have permission to sit during general debate this afternoon.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

REVENUE ACT OF 1951

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H. R. 4473) to provide revenue, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H. R. 4473, with Mr. RAINS in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule debate will be confined to the bill, will continue not to exceed 2 days, the debate to end not later than 4 o'clock on the second day, the time to be equally divided and controlled by the gentleman from North Carolina [Mr. DOUGHTON] and the gentleman from New York [Mr. REED].

The gentleman from North Carolina is recognized.

Mr. DOUGHTON. Mr. Chairman, I yield myself 38 minutes.

Mr. Chairman, H. R. 4473, the bill to provide revenue, and for other purposes, is the result of 4½ months of continuous work by the Committee on Ways and Means. After 2 months of public hearings during which more than 200 witnesses appeared and testified, the committee went into executive session for approximately 2½ months to study and discuss the record of nearly 3,000 printed pages and to prepare a tax bill.

On June 15, by a 19-to-6 vote of our committee, the bill which I had been directed to introduce was favorably reported. This bill, in a full year of operation, according to the staff of the Joint Committee on Internal Revenue Taxation, is estimated to yield $7,200,000,000 in additional revenue from the following sources:

Income taxes on individuals	$2,847,000,000
Income and excess-profits taxes on corporations	2,855,000,000
Excise taxes	1,252,000,000
Other changes	245,000,000
Total	7,199,000,000

This is the third increase in taxes since the outbreak of the Korean war last June. The first increase was contained in the Revenue Act of 1950 and amounted to approximately $6,000,000,000. The second increase was contained in the Excess Profits Tax Act of 1950, and amounted to $3,900,000,000. The third increase in the pending bill amounts to $7,200,000,000. Thus, the total increase due to these three acts amounts to over $17,000,000,000.

In this context, I think it just and proper that I should pay tribute to the members of our committee, who spent more than 11 months on these three measures, not counting the time spent in conference. Many of our decisions have been unanimous, and, of course, every decision made by the pending bill was reached by at least a majority of the members of the committee. On very few votes in our committee was there a division strictly on party lines—I believe on only 7 out of more than 100 roll calls in the committee. I sincerely believe that

the pending bill represents the composite best judgment of the membership of the Committee on Ways and Means as to the most appropriate sources of the additional revenue so urgently required to finance the defense program.

Although the amount provided in this bill is not as large as the administration request, which was for a little more than $10,000,000,000, it is, in the opinion of our committee, as large an amount as could safely be collected from the economy under present conditions. It is hoped that, with a proper curtailment in nonessential Government spending, it will be ample to balance the budget for the fiscal year 1952. As we near the close of the fiscal year 1951, it appears that we will have a surplus for this fiscal year in the neighborhood of three to four billion dollars, due primarily to the effect of the previously mentioned revenue acts. Our position, for the fiscal year 1951, is, therefore, brighter than the position we were in for the fiscal year 1950, which closed with a deficit of over $3,000,000,000. It is for the heavy defense expenditures in the years immediately ahead, however, that we are now called upon to raise Federal taxes to the highest level in our history.

As I view it, there are three alternatives facing the Congress: First, we must raise taxes even higher than those provided under present law and in the pending bill; or, second, we must reexamine and reduce Federal expenditures wherever possible, including not only the ordinary operations of Government, but the military and foreign aid budgets as well; or, third, we must embark upon a heavy program of additional borrowing and deficit financing. Of these three alternatives, I consider it unlikely that we shall be able to increase substantially the yield of the Federal tax system beyond what is included in the present bill. I say this in all frankness and sincerity, for I consider it essential that we face up to the fact that any higher tax rates on either individuals or corporations or excises would be exceedingly burdensome and difficult to impose. On the other hand, the financing through borrowing of any substantial part of the defense program for an indefinite period in the future would certainly contribute to inflation and might permanently and seriously impair the credit of the Government. The only sound future course, in my opinion, is to reexamine the scope of Federal activities and to cut expenditures to the bone.

This is the setting, then, in which we ask favorable consideration of the pending bill, which includes the following major provisions:

A. Increase in individual income taxes: Our committee decided that instead of increasing the individual rate schedule, it would be better and simpler to provide for a flat percentage increase in the amount of each individual's income tax. This method, if I am not mistaken, was first mentioned by a minority member of the committee. Under this method, each individual liable for taxes will compute his tax as under present law, and then increase it by a flat 12½ percent. This is similar to the method followed in the first Revenue Act of 1940, when we had to raise revenue for defense purposes, and it is a method which has been employed by several of the States in raising revenue for emergency purposes. It is believed that this method will emphasize the emergency nature of this tax, and this will be emphasized by naming it a defense tax.

For the calendar year 1951, the defense tax is 4 percent of the ordinary tax so computed. For the calendar year 1952 and subsequent years, the defense tax is 12½ percent of the computed ordinary tax. To prevent the total tax from being confiscatory in the unusually high brackets, it is provided that the top bracket rate on that part of an individual's income after exemptions and deductions in excess of $160,000, if married, and $80,000, if single, will not exceed 94.5 percent. In no case can the entire tax be greater than 90 percent of a taxpayer's net income. This means that for each dollar of income above those amounts the taxpayer would never pay more than 94½ percent and when the taxes on income below $160,000, if married, and $80,000, if single, are averaged together with the 94.5 percent tax on income above those amounts the total average tax could never exceed 90 percent of the taxpayer's net income.

Our committee felt that the increases in the ordinary tax should also apply to the tax on capital gains. The increase of the tax on capital gains is the same as the increase applied to the tax on ordinary income, such as wages, salary, and dividends. Individuals subject to the alternative capital-gains tax rate of 25 percent will, under the bill, be required to compute their capital-gains tax at such rate and then add 12½ percent to the tax so computed. For the year 1951 the amount to be added to the capital-gains tax is 4 percent of such tax, instead of 12½ percent. The increase in the capital-gains tax is considerably smaller than that advocated by the Treasury, which recommended an increase in the capital-gain rate effective January 1, 1951, from 25 percent to 37½ percent. The committee bill will result in a total capital-gain rate of slightly over 28 percent.

B. Corporation taxes: The bill also increases the normal tax on corporations by 5 percentage points. This means that corporations with incomes of $25,000 or less who under the present law pay a corporate rate of 25 percent will have their rate increased to 30 percent. Corporations with incomes above $25,000 which pay both normal and surtax will have their total tax rate raised from 47 percent to 52 percent. This 5-percentage-point increase and the corresponding increase in the over-all ceiling rate is estimated to increase revenues by approximately $2,085,000,000 in a full year of operation. This increase in the corporate normal tax rate affects the burden of all corporations, including the smaller corporations not subject to the excess-profits tax.

In addition, the committee bill increases the excess-profits tax by reducing the average earnings base credit from 85 percent of such base period earnings to 75 percent. It is deemed preferable to raise further additional revenue from corporations making excess profits than to increase the corporate rate by more than 5 percentage points. A further increase in the corporate rate would cause the burden of taxation to fall on those corporations whose profits during the base period have declined more than 25 percent and upon the smaller corporations not subject to the excess-profits tax.

Under the existing law, a ceiling is imposed upon the total normal tax, surtax, and excess profits tax, so that in no case will the total of such taxes exceed 62 percent of the corporation's excess-profits tax net income. Many of the largest and most prosperous corporations have already reached this 62-percent ceiling. In order that the normal tax and excess-profits tax increases might also apply to such corporations, it was necessary to raise the ceiling to 70 percent.

Corporations are also required to pay an additional tax on their capital gains. But this increase is limited to the same increase which is applied to individuals. That is, an additional 4 percent of their capital-gains tax is added for the calendar year 1951 and an additional 12½ percent is added to their capital-gains tax for 1952 and subsequent years.

C. Withholding on dividends, royalties, and certain payments of interest: The bill also contains a provision providing for collection of tax by withholding at the rate of 20 percent in the case of dividends, corporate bond interest, and royalties. Recipients would proceed in filing income-tax returns just as they do now in the case of salaries and wages where taxes have been withheld, taking credit for taxes withheld and claiming refund if overpayment has occurred. The bill specifically exempts from the withholding requirements interest on United States savings bonds, postal savings certificates, interest on savings accounts, and amounts paid by mutual savings banks, savings and loan associations, cooperative banks, homestead associations, credit unions, or any similar organization in respect of withdrawable or repurchasable shares, investment certificates, or deposits. The revenue to be collected from this source, which is not now being collected because of the failure of taxpayers to report proper amounts of dividends, royalties, and interest, amounts to $323,000,000.

There are some taxpayers who prefer to have a greater part of their tax on wages covered by withholding than is possible at the withholding rates on wages. The bill contains a provision to permit additional withholding on wages if the employer and employee agree to such additional withholding.

D. Miscellaneous income tax changes: The bill contains a number of miscellaneous income-tax amendments. Some close existing loopholes in the law and others remove certain inequities and hardships. These are all fully discussed in the report, and I will, therefore, mention only a few of them.

First. Head of a household: First, the bill recognizes the unfairness in present taxes which exist between a married couple and a head of a household. An especially unfortunate situation exists

where the one spouse dies in a taxable year. The sudden increase in tax due to the fact that the surviving spouse is no longer entitled to the benefits of the split income provisions add another burden to the bereaved spouse who is endeavoring to maintain a home for the benefit of the children. In fact, although the expenses of the home may actually be greater than before the death of one of the spouses, the tax burden under existing law is materially increased on account of such death. The bill provides for a special table which will give the head of a household one-half of the benefits of income-splitting. An individual who is not married will qualify for relief under this provision if, for example, he maintains a home for his unmarried children or grandchildren and furnishes more than one-half of the maintenance costs of such household. Where unmarried children are involved, this relief will be granted, regardless of how much income the unmarried child or grandchild living with the taxpayer may have, so long as the taxpayer furnishes more than one-half of the household expenses. On the other hand, a taxpayer maintaining a household for his mother, father, brother, or sister will qualify for relief under this provision only if the dependent has income of less than $500, and the taxpayer maintaining the home furnishes more than one-half of the support of such dependent.

Second. Gain upon the sale of residences: The bill grants relief for home owners who sell their houses and reinvest in a new home. In such cases the gain upon the old home is illusory since it probably is offset by the higher price paid for the new home. Consequently, under the bill the gain on sale of a residence would be recognized only to the extent the proceeds exceed the cost of a new residence purchased within 1 year before or after sale of the old residence.

Third. Gain from sale of livestock: The bill writes into the law the principle of the Albright case giving capital gain treatment to livestock used in the taxpayer's trade or business. It reaches this result by defining property used in the trade or business as "livestock held by the taxpayer for draft, breeding, or dairy purposes for 12 months or more." The term livestock is intended to be given a broad rather than a narrow interpretation.

Fourth. Percentage depletion: Another relief provision is one granting percentage depletion to certain new minerals, and increasing percentage depletion in the case of coal from 5 percent to 10 percent. The following new group of minerals is allowed percentage depletion at the rate of 5 percent: Sand, gravel, stone—including pumice, scoria, slate—brick and tile clay, shale, oyster shell, clam shell, granite, marble, and asbestos.

The following minerals are added to the list of minerals receiving a 15-percent depletion allowance: Borax, fuller's earth, tripoli, refractory and fire clay, quartzite, perlite, diatomaceous earth, and metallurgical and chemical grade limestone.

Many of these minerals compete with minerals now being granted a depletion allowance, and the committee thought it desirable to place such minerals on a competitive basis as far as the depletion allowance is concerned.

Fifth. Taxation of life-insurance companies: Pending a thorough study of the taxation of life-insurance companies, the bill would continue the stopgap legislation for 1951 developed in the last Congress by a subcommittee of the Committee on Ways and Means and included in the Revenue Act of 1950.

E. Excise taxes: I regret that we had to secure additional revenue by increasing the rates on some existing excise taxes and providing for some new ones. Many of the excises are still at the rate in effect during World War II. The total additional amount to be obtained under the bill from excises is $1,252,000,000. Of this amount, $252,000,000 is secured from increases in the tax on liquor, beer, and wine; $177,000,000 from increasing the tax on cigarettes from 7 cents a pack to 8 cents a pack; and $447,000,000 from manufacturers' excise taxes.

First. Retail excises: In the retail tax field, the bill results in a slight loss in revenue. While an additional amount of revenue is secured from subjecting to the jewelry tax, mechanical lighters for cigarettes, cigars and pipes, $7,000,000 of revenue would be lost from certain exemptions in the tax on toilet preparations. One is an exemption of baby oils, baby powders, and baby lotions. The other exempts toilet preparations used by barber shops and beauty parlors in their establishments. These two exemptions result in a loss of $7,000,000, which, together with the net gain of $2,000,000 secured from taxing mechanical lighters, makes a net loss of $5,000,000.

Second. Electrical energy: One of the taxes which has caused a great deal of concern and which has been on the statute books for many years is the tax of 3⅓ percent imposed on electrical energy used for domestic or commercial consumption. The present law exempts from the tax electric power purchased from publicly owned utilities. The tax has not only been difficult to administer but it has caused discrimination among various consumers, depending upon whether they purchase their electricity from a publicly owned plant or a privately owned plant. Your committee deemed it wise to eliminate this tax entirely.

Third. Liquor, wine, and beer: Turning to the liquor taxes, the rate of tax on distilled spirits is increased under the bill from $9 to $10.50 per proof gallon. The increase on beer would be from $3 to $9 per barrel. In the case of alcohol used for medicinal preparations and flavoring extracts, the committee bill actually reduces the tax by allowing a drawback of $9.50 per gallon. This makes a net tax of $1 to be paid in the case of alcohol used for medicinal preparations and flavoring extracts. Our committee considered very carefully the tax on wines and a compromise rate was agreed upon raising the various wine tax rates by approximately 12½ percent. Certain occupational taxes for dealers in liquor and beer were also increased.

Fourth. Gambling taxes: A new tax is added in the bill on gambling, which applies mainly to bookmaking and numbering transactions. The rate is 10 percent of the amount bet. There is also an occupational tax of $50 a year imposed upon a person liable to the tax and upon any person receiving bets for or on behalf of such person. The yield from this tax is estimated at around $400,000,000.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. DONDERO. I thought gambling was illegal in this country.

Mr. DOUGHTON. Well, I guess it is in most States. There are many illegal things that are taxed. Just because they are supposed to be illegal, would the gentleman be opposed to taxing them? If gamblers make money at gambling, does the gentleman think they should not pay an income tax on the money they win, the same as other people pay taxes on money they earn by doing a hard day's work?

Mr. DONDERO. I am not arguing against it. I am raising the question whether the United States should enter into taking a tax from an illegal transaction.

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield to the gentleman from Tennessee.

Mr. COOPER. Of course, this is a tax on gross receipts from gambling. If the income comes from some illegal activity, it is taxable under the Federal income-tax laws.

Mr. DOUGHTON. It is estimated that this tax will yield about $400,000,000 annually. To that extent it will lighten the burden of other taxpayers. I hope no Member of this House will vote against this bill, but I am sure if he does he will not assign as a reason for voting against it the fact that we put a tax on gambling.

Mr. HOFFMAN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. HOFFMAN of Michigan. The gentleman from Tennessee [Mr. COOPER] made a statement about its being an income tax. Does it carry any implication that it is in any way a sort of license for those people engaging in those activities?

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON. I yield.

Mr. COOPER. Certainly there is no thought or intention to condone the activity in any sense.

Mr. HOFFMAN of Michigan. But could it be so construed?

Mr. COOPER. We certainly do not think so. We do not want it to be so construed. There is certainly no intention or thought of in any sense or in any way condoning the activity. But the fact remains that information received indicates that large sums of money are made through this type of activity, and we simply thought that an effort should be made to impose a tax on that type of activity.

Mr. HOFFMAN of Michigan. Properly considered, then, it would be a sort of additional penalty on those unlawful activities, would it not?

Mr. COOPER. If the gentleman will turn to page 55 of the committee report he will find this statement:

Proposals for a Federal tax on wagering are sometimes criticized as in effect sanctioning the carrying on of gambling activities in violation of such laws. The committee does not share this view. Since its inception, the Federal income tax has applied without distinction to income from illegal as well as legal sources, and it has never been generally supposed that such application carried with it any implied authorization to carry on illegal activities.

Mr. HOFFMAN of Michigan. Then I will renew my observation that it might if properly construed be considered an additional penalty on the illegal activities.

Mr. COOPER. Certainly, and we might indulge the hope that the imposition of this type of tax would eliminate that kind of activity.

Mr. ARMSTRONG. Mr. Chairman, will the gentleman yield for a question?

Mr. DOUGHTON. I yield to the gentleman from Missouri.

Mr. ARMSTRONG. I wish to ask the distinguished and venerable leader of this committee who has outlined so well the provisions of this bill an important question that is bothering a number of us and certainly me as a new Member; he has outlined the three alternatives: First, this tax bill and more taxes perhaps; second, the cutting of expenses; third, continued deficit spending. In the matter of the second alternative I wonder if the gentleman can give us the total amounts that this administration or the administration leaders of this House have recommended or are prepared to recommend by way of cutting expenses of the Federal budget, specifically the elimination of any needless boards and bureaus, or other expenses of the Government? If the gentleman could give us an answer to that I think many of us would be better prepared to consider voting for this bill.

Mr. DOUGHTON. That inquiry could probably be more properly addressed to and more accurately answered by the Committee on Appropriations which has the responsibility of making appropriations.

The administration is criticized severely about expenditures of public funds and blamed for heavy taxes. I am not authorized to speak for the administration so far as that is concerned, but we all know that the administration, the President of the United States, and the head of not a single department of this Government can spend one dollar that is not authorized and appropriated by the Congress. They submit these estimates, make their recommendations, and we act on them; they propose, we dispose.

Now, on the question as to whether or not in my judgment it is necessary to cut expenditures. Certainly it is necessary for us to cut expenditures, but I shall not criticize the Committee on Appropriations or make recommendations to them. I am sure the House realizes that in view of the present heavy burden of taxes that the taxpayers of this country must carry, almost a back-breaking burden, that it is not only essential and important but also absolutely necessary, if the economy of the country is to be kept sound and we to perform our duties and fulfill our just obligations, for us to scrutinize expenditures with the greatest possible care and keep them to the lowest point possible. That responsibility rests upon the Congress and primarily, of course, so far as committees are concerned, upon the Committee on Appropriations. I am sure that committee is doing and will continue to do a magnificent job and scrutinize carefully every request for additional appropriations.

Fifth. Manufacturers' excise taxes: The gasoline tax is increased from 1½ cents to 2 cents per gallon and a new tax of 2 cents a gallon imposed on Diesel fuel used on highways. The total yield from these sources is $220,000,000.

The tax on passenger automobiles and motorcycles is increased under the bill from 7 percent to 10 percent, and the tax on trucks, busses, and truck trailers is increased from 5 percent to 8 percent. The tax on automobile parts and accessories is also increased under the bill from 5 percent to 8 percent. However, the bill contains a relief provision which excludes from the tax base on automobile parts the fair market value of any part traded in for a reconditioned or rebuilt part.

In the case of the 10-percent manufacturers' tax on electric, gas, and oil appliances, the bill does not increase the rate but adds a number of new items to the tax base.

In the case of sporting goods, the bill eliminates from the tax base practically all of the items used principally for school sports and by children, with the exception of baseballs and baseball equipment. Because of the effect upon the revenue, it was not found possible to eliminate the tax on baseballs and baseball equipment. The rate of tax on the items subject to the sporting-goods tax was increased from 10 percent to 15 percent.

Sixth. Telegraph messages: The tax on domestic telegraph, cable, and radio messages is reduced under the bill from 25 percent to 20 percent. This brings this tax more in line with other taxes.

Seventh. Admissions tax: Our committee did not provide for any increase in the admissions tax. However, the bill does contain an exemption from the admissions tax where all the proceeds inure to religious, charitable, educational institutions, and so forth. It does not, however, exempt admissions to athletic contests unless the proceeds inure exclusively to the benefit of elementary or secondary schools. The bill also exempts admission to county fairs, to concerts conducted by nonprofit civic associations, and to government-operated swimming pools. Under the bill, free admissions would not be taxed, and admissions at reduced rates would be taxed only on the amount actually paid.

CONCLUSION

The pending bill is the cooperative effort of 25 earnest and sincere members of the Committee on Ways and Means. To those who contend that the bill does not raise sufficient revenue, I suggest that the enactment of an additional $17,000,000,000 tax load on the people of this country within a period of less than a year is a major legislative accomplishment. That it is understood to be necessary to provide the foundation for strength and support of democratic institutions against Communist aggression is a demonstration that free men can govern themselves successfully.

To those who maintain that the bill would impose too heavy a burden, I point out that personal income and corporate profits are at record levels, and that most people will still have, after the higher taxes are paid, larger take-home pay than they have ever previously enjoyed.

To those who contend that the bill does not impose the additional tax burden in the wisest and most equitable manner, I can only say again that each decision represents a majority vote of the Committee on Ways and Means.

Mr. Chairman, this is the best our committee could do. If you want a better bill, you will probably have to get a new committee. Some Members think the bill should be recommitted to the committee. I am sincerely of the opinion that, if the House is not satisfied with this bill and wants a better one than we have presented here, it will be necessary to get a better committee. I know most of the members of the Committee on Ways and Means are tired. Of course, I, myself, being the youngest member of that committee am not tired, but the older ones are.

If you think we should not raise any additional revenue at all, if you think we can get along with what we will have and not appropriate any more than present taxes will produce, or if you think we should embark on a program of financing the Government by borrowing, just vote against this bill. But I do not believe we can safely do that. If you send this bill back to committee, and we labor four more months, I doubt whether we could bring in a better bill. I do not believe our Democratic members and our Republican friends and colleagues of this committee, ably headed by the gentleman from New York [Mr. REED] would say, if the bill is recommitted, that our committee would be likely to agree on a better one than we have presented.

Mr. Chairman, we urge the favorable consideration and enactment of the pending bill—the greatest tax bill in American history for the reasons aforestated.

Mr. REED of New York. Mr. Chairman, I yield myself 40 minutes.

Mr. Chairman, we have just listened to a great and grand American. We may not agree in our philosophy on some things, but as far as concerns the patriotism, and the earnestness, and the sincerity, and the justice of the great man from North Carolina [Mr. DOUGHTON], who has just spoken, I think we can all

agree that he is outstanding in every respect.

Mr. JENKINS. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield to the gentleman from Ohio.

Mr. JENKINS. I think that we on our side will agree that, if he were the President of the United States, no one would be crying out about extravagance and expenditures.

Mr. REED of New York. I think we all concur in that.

Mr. Chairman, 75,000 American boys—dead, wounded, or missing in Korea.

Another 75,000 American boys, many permanently injured and maimed for life—the so-called nonbattle casualties of the war we never fought.

And each day the casualty list grows.

Each day in the valleys and mountains of Korea American boys are fighting and dying for an ideal—an ideal that many of them were too young to ever fully understand.

Mr. Chairman, these boys and their loved ones have made the greatest sacrifice and it is for us here in this great Chamber to be equal to the trust they have imposed upon us to preserve the ideals for which they fought and died.

It is for us who are charged with the great public responsibility imposed upon us by the people to safeguard and cherish the fundamental principles of this great Republic of free people.

At the very least this means, Mr. Chairman, that to the greatest extent possible there must be equality of sacrifice by all of us.

It is not right.

It is not just.

It is not the American way to ask any one group of our people to alone bear the burden and make the sacrifice brought upon us by world conditions.

And yet, Mr. Chairman, although the young men of our country have again been called to the colors; although the Congress has imposed drastic emergency measures on the economic life of our country; although the Congress has already twice within the past 12 months called upon all the people to carry a heavier tax burden to pay for the defense program; although the Congress has already done these things in this period of crisis, President Truman has refused to make any sacrifice in the huge and mounting cost of nonessential Government spending.

The issue, and the only issue, therefore, raised by H. R. 4473 is whether the same sacrifice imposed during this crisis on the people by the Government should not now be imposed by the people on the Government.

Whether before imposing over $17,000,000,000 in new taxes within less than 12 months President Truman and this Congress should not be called before the bar of the American people and made to show that the same restraint and sacrifice has been exercised in the spending of the people's money.

And the answer from all the people is "Yes." They are demanding that President Truman and this Congress cut Government and that the Congress levy new taxes only to the extent that it is necessary to pay for essential costs of Government.

From Maine to California, from the mountains of Tennessee to the lakes of Minnesota, all the people are demanding that President Truman and this Congress cut Government spending before imposing higher taxes.

Can this be done without interfering with the defense program?

Of course it can. You know it. I know it. The American people know it.

Let me give you a few simple facts:

President Truman has asked for cash expenditures of $71,600,000,000 for fiscal 1952 beginning in just about 10 days. Forty billion dollars is for the Department of Defense; $23,000,000,000 is for the nonmilitary expenses of running the Federal Government; and $8,600,000,000 is for economic and military aid to Europe. This makes a total of $71,600,000,000.

As the result of the $10,000,000,000 in new taxes already imposed just a few months ago, the net revenue for fiscal 1952 is estimated to be $61,000,000,000—$15,000,000,000 higher than during World War II. This will make a deficit of approximately $10,000,000,000 in fiscal 1952.

Now, I say to you and to the American people that without in any way interfering with the defense program, or with the essential operation of the Government, a cut of at least $8,000,000,000 can be made, and I will show you how:

First. President Truman and Secretary of State Acheson have asked for $8,600,000,000 for economic and military aid for Europe. Of this amount $2,600,000,000 is for so-called economic aid only. I say that at least $4,000,000,000 of this $8,600,000,000 can be cut, and I challenge any Member of this Congress to show me why this reduction cannot be made.

Second. In addition to the $8,600,000,000 for foreign economic and military aid, President Truman has asked for $23,000,000,000 for nonmilitary expenditures of the Federal Government. At least $2,000,000,000 or less than 10 percent of this amount can be cut. And I challenge any Member of this Congress to show me, and show the people of my district and the people of this country, that in this period of national crisis a reduction of $2,000,000,000 in the cost of nonmilitary expenditures could not be made.

Even with announced and open hostility by President Truman this distinguished body has already cut his requests for appropriations by $1,240,000,000 in the seven or eight bills which have been considered. This is over 10 percent of budget estimates totaling approximately $11,640,000,000.

These two reductions will amount to $6,300,000,000.

The biggest item in the 1952 budget is the $40,000,000,000 for expenditures for the Military Establishment. I know, and you know, and the American people know, that a cut of $2,000,000,000, or only 5 percent, could be made without in any way interfering with the defense program. Reliable estimates show that $500,000,000 could be saved in the more efficient use of personnel alone.

This is a total cut of $8,000,000,000. If it were made, the estimated deficit at this time for fiscal 1952—that is, a year from now—without any new taxes, would be approximately $2,500,000,000. And probably there would be no deficit at all. But even if a small deficit appeared likely then in January of next year—6 months prior to the end of fiscal 1952—the Congress could review the fiscal picture, and additional taxes adequate to raise this, or a lesser amount, could then be imposed, if really necessary.

Many responsible organizations and individuals believe that a reduction of more than $8,000,000,000 in cash expenditures for fiscal 1952 can be made during this emergency period of crisis. I personally share their views, but I have intentionally shown how at least $8,000,000,000 can be cut in order to reflect an obviously fair figure between the $10,000,000,000 and $6,000,000,000 reduction figures which have been recommended.

Cut Government spending, and then levy new taxes only to the extent it is absolutely necessary to meet essential Government spending. This is the meaning of a true pay-as-we-go program.

This is the sound position.

This is the American position.

This is the Republican position.

But President Truman is under the dangerous illusion that pay-as-we-go is only a one-way street of ever-increasing expenditures paved with higher taxes. As the result of this philosophy, unfortunately deliberately promoted by those who seek to destroy the American system under the guise of national emergency, the budget for fiscal 1952 was prepared and presented to the Congress without any attempt at Government economy or without any realistic regard to the availability of the necessary new taxes to support his domestic and foreign program. Commenting on this point, the unanimous minority views on H. R. 4473 states as follows:

> In the face of such casual and haphazard conduct of our Nation's finances in this period of crisis and sacrifice, President Truman's dare to the Congress to reduce his budget reflects a callous disregard for the preservation of the Nation's financial security unparalleled in American history.

But, you say, will not imposing $17,000,000,000 on the working men and women of this country within the past 12 months stem the tide of mounting inflation?

The answer is "No." Excessive taxation will never cure inflation. In fact, excessive taxation creates inflation. Let me call your attention to the fact that as the result of the $10,000,000,000 in new taxes already imposed by the Congress within the last 12 months, the Federal Government is now running both a cash and budget surplus for this fiscal year. I predict that the surplus will be almost $4,000,000,000. And yet, despite this fact, wholesale prices are 20 percent higher than a year ago and 15 percent

higher than at the time of the Korean invasion. The Consumers' Price Index of the Bureau of Labor Statistics, reflecting this increase, shows that the cost of living has risen from 170.2 percent a year ago to 185 percent today. Higher taxes cannot do the job alone.

Inflation is caused by too much money chasing too few goods. But money taken from the people by taxation and then spent again by the Government does not reduce the amount of money. The fundamental and basic causes of inflation boil down to the fact that for the past 20 years, with the exception of the Republican Eightieth Congress, the number of dollars has more than trebled while the amount of commodities has not even doubled.

During this period the fiscal policies of the Democratic administration have been to borrow money from the people, to multiply the Government's indebtedness many times, and to turn this indebtedness into more money. These policies together with the refusal by President Truman to cooperate with this Congress during this drastic emergency period is the cause of the higher cost of living to the American people.

Higher taxes will not cure these evils, and I predict that if H. R. 4473 should be enacted, it will be less than 6 months before President Truman requests even more money than he has requested for the budget in fiscal 1952. I predict that if H. R. 4473 is enacted, the cash expenditure budget for fiscal 1953, which will be presented to the Congress next January, will exceed $85,000,000,000. You know, and I know, and the American people know that this will be the terrible sequel of imposing any taxes without first reducing Government spending as can be done.

Will H. R. 4473 balance the budget for fiscal 1952?

Of course not. The plain and uncontested fact is that additional sources of revenue to pay for President Truman's $71,600,000,000 expenditure budget for fiscal 1952 are not available under any sound tax program. Let me say this again—and if I am wrong I call upon any of my distinguished colleagues on the Ways and Means Committee to correct me—the additional sources of revenue to pay for President Truman's $71,600,000,000 expenditure budget for fiscal 1952 are not available under any sound tax program. Think this over.

The Treasury experts never presented to the committee any feasible program which would raise the necessary taxes to pay for President Truman's budget in fiscal 1952.

The Democratic members of the Ways and Means Committee in preparing this bill could find none.

Not a single witness who appeared during the public hearings could suggest any acceptable tax program to pay for President Truman's budget, because there is no tax program. We have reached the bottom of the American tax barrel.

Most economists agree that between 25 and 30 percent is the maximum tax load that can be carried in a vigorous productive economy. But the Congress should know that our gross Federal taxes together with our State and municipal taxes are already taking 30 percent of our national income—the highest.

And what does this mean?

I will tell you what it means.

It means that 24 of our 48 States have already adopted resolutions asking the Congress to call a constitutional convention in order to impose a limit of 25 percent of the amount that the Federal Government can take from an individual's or company's income.

It means that thousands of loyal, conscientious, and hard-working American citizens in the lower-income groups are being deprived of the very necessities of life as the result of high taxes.

It means that we are rapidly imposing the same tax burden on the American people as is now imposed under the Socialist Government of Great Britain.

Let me now turn briefly and make some frank observations on the provisions of this monstrous bill H. R. 4473, the major revenue provisions of which were agreed to in a secret Democratic caucus by the Democratic members of the Ways and Means Committee.

In passing I call your attention to the fact that it was just about 4 months ago that the Democratic majority of this committee rejected every Republican amendment to safeguard abuses by the State Department in the conduct of the reciprocal trade program. But the House overwhelmingly rejected the position taken by the 15 Democratic members of the Ways and Means Committee on this legislation.

It ought to be apparent to any person of common sense that we cannot live off the rich. There are too few of them. We cannot live off overtaxed industry without inflating prices of everything we buy.

It is obvious, except to the crackpots, that every dollar the Government spends is a dollar we ourselves pay.

It is the Communist doctrine that there is no truth in the law of nature and the word of God that man must live by his own honest labor and earn his bread by the sweat of his brow.

This bill H. R. 4473 carries tax burdens which will retard industrial development—taxes which will destroy wealth and the capital necessary for industrial expansion to meet the defense program by private economy.

This is a bill to authorize the bureaucrats to turn the taxpayers' pockets inside out. They are going to make the country strong by stopping the people from spending their own hard-earned money.

Excessive taxation of incomes, such as we have under H. R. 4473, merely drains the lifeblood out of the whole economic system.

Thus drained of their energy, the people become wards of the Federal Government. This is socialism. This is the road ahead under H. R. 4473. This is the fulfillment of the dream of the hard core of the Socialist planners within the Truman administration. H. R. 4473 is their tax legislation.

At this point, Mr. Chairman, I submit for the RECORD three tables which give some idea of the enormous increased tax burden imposed upon all individuals by the flat 12½-percent increase provided for in H. R. 4473 over the amount of taxes paid by the people of the country less than a year ago. The real impact of this burden must be measured, of course, in the light of the increased cost of living which has taken place during this period.

Single person, no dependents

Income after deductions but before exemptions	A year ago	Under H. R. 4473	Tax increase
$600			
$800	$33	$45	$12
$1,000	66	90	24
$1,500	149	203	54
$2,000	232	315	83
$3,000	409	549	140
$5,000	811	1,062	251
$8,000	1,546	2,003	457
$10,000	2,124	2,741	617
$15,000	3,894	5,004	1,110
$20,000	6,089	7,810	1,721
$25,000	8,600	11,021	2,421
$50,000	23,201	29,687	6,486
$100,000	58,762	74,831	16,069

Married couple,[1] no dependents

Income after deductions but before exemptions	A year ago	Under H. R. 4473	Tax increase
$1,000			
$1,500	$50	$68	$18
$2,000	133	180	47
$3,000	299	405	106
$5,000	631	855	224
$8,000	1,206	1,593	387
$10,000	1,621	2,124	503
$15,000	2,829	3,668	839
$20,000	4,247	5,481	1,234
$25,000	5,877	7,565	1,688
$50,000	17,201	22,041	4,840
$100,000	46,403	59,373	12,970

[1] Income earned by one spouse.

Married couple,[1] 2 dependents

Income after deductions but before exemptions	A year ago	Under H. R. 4473	Tax increase
$2,000			
$3,000	$100	$135	$35
$5,000	432	585	153
$8,000	974	1,296	322
$10,000	1,361	1,791	430
$15,000	2,512	3,263	751
$20,000	3,888	5,022	1,134
$25,000	5,476	7,052	1,576
$50,000	16,578	21,245	4,667
$100,000	45,643	58,401	12,758

[1] Income earned by one spouse.

The effect of a flat 12½-percent increase is to make the marginal rate of tax and the tax burden on many taxpayers even higher than during World War II. This is particularly true of all single persons who do not qualify for the special head-of-the-household exemption and married couples in community-property States. In these cases the marginal rate will become higher than it was during World War II on all surtax net income over $4,000.

On certain single individuals the tax burden will be even higher than that imposed in Canada.

At this point, Mr. Chairman, I submit for the RECORD a table showing the

decrease on the take-home pay of various classes of taxpayers under the flat 12½-percent increase provided for in H. R. 4473:

Take-home pay

SINGLE PERSON, NO DEPENDENTS

Income after deductions but before exemptions	Decrease in take-home pay	Percentage decrease in take-home pay
$1,000	$10	1.1
$2,000	35	2.0
$5,000	118	2.9
$10,000	305	4.0
$20,000	868	6.6
$25,000	1,225	8.1
$50,000	3,299	14.0
$100,000	8,033	24.2

MARRIED COUPLE,[1] NO DEPENDENTS

$2,000	$20	1.1
$5,000	95	2.2
$10,000	236	2.9
$20,000	609	4.0
$25,000	841	4.6
$50,000	2,449	8.1
$100,000	6,597	14.0
$500,000	29,613	30.7

MARRIED COUPLE,[1] 2 DEPENDENTS

$3,000	$15	0.5
$5,000	65	1.5
$10,000	199	2.4
$20,000	558	3.6
$25,000	784	4.2
$50,000	2,361	7.6
$100,000	6,489	13.5
$500,000	29,571	30.3

[1] Income earned by 1 spouse.

You will note from these tables how the percentage decrease in take-home pay goes as high as 30 percent. That the increased revenue which we gain from the flat 12½-percent increase is insignificant in comparison to the damage done by sharply increasing the already steeply graduated rates in the middle and upper brackets is shown from the following facts:

Even before enactment of H. R. 4473 confiscating all normal and surtax net income over $10,000 will yield only an additional $3,500,000,000 in taxes—or just enough to pay for the Truman budget for 18 days.

Confiscating all normal and surtax net income over $26,000 will produce only an additional $713,000,000 in taxes—or just enough to pay for the Truman budget for 4 days.

Confiscating all normal and surtax net income over $100,000 would yield only an additional $39,000,000 in taxes—or just enough to pay for the Truman budget for 5 hours.

After enactment of H. R. 4473 confiscating all taxable income over $10,000 will yield only $3,000,000,000; over $26,000 will yield only $627,000,000; and over $100,000 will yield only $34,000,000.

Under existing tax rates the ratio of tax paid to take-home pay in the case of individuals with adjusted gross income of under $5,000 is 9 percent and for those of $5,000 and over it is 24 percent. Instead of maintaining this ratio, H. R. 4473 will increase the disproportion of these ratios substantially.

High progressive rates, of course, have no deflationary effect because the tax is siphoned away from dollars that would be saved and not dollars which would be spent for consumers' goods. Any intelligent and realistic tax program, particularly a tax program which is intended to act as a brake on inflation, should encourage savings and discourage consumer consumption. In this respect, as in all others, H. R. 4473 is a failure.

Mr. Chairman, the flat 12½-percent increase provided for in H. R. 4473 is a "soak the lower income" groups even harder tomorrow by destroying the "middle and upper income" groups today tax policy. It is excessive taxation without justification, and the working men and women of this country are opposed to it.

CORPORATE INCREASE

Less than 12 months ago the top corporate rate was 38 percent.

H. R. 4473 raises the regular corporate tax rate to 52 percent, extends the combined defense excess-profits tax rate of 82 percent to one-quarter of a company's normal earnings, and raises the over-all ceiling to 70 percent—all retroactive to January 1, 1951.

The effect of these provisions is to increase within less than a year the average tax on corporations from 37 cents on the dollar to 58 cents—an increase of more than 20 percentage points in the average tax rate, or a 58-percent increase in corporate taxes. During the past 12 months corporate profits have increased approximately 20 percent.

Mr. Chairman, I submit for the RECORD some tables which show the amount of taxes payable at current level of corporate profits a year ago with the amount which will be paid after enactment of H. R. 4473:

[Dollars in millions]

Taxable net income classes	Number of corporations	Taxable net income [2]	Income and excess profits tax liabilities [1]		
			A year ago [2]	H. R. 4473 [2]	Percent increase
$0 to $25,000	292,491	$2,161	$470	$648	37.9
$25,000 to $50,000	47,192	1,566	479	608	26.9
$50,000 to $100,000	30,477	2,018	772	1,027	33.0
$100,000 and over	45,022	39,311	15,019	24,142	60.7
Total	415,182	45,056	16,740	26,425	57.9

[1] Based upon a level of profits before tax (Department of Commerce basis) of $48 billion.

[2] Excludes $1,200 million of capital gains subject to alternative tax of 25 percent under present law.

An idea of the increased tax imposed by H. R. 4473 over the tax burden just 12 months ago on various size corporations, even though they have no increased earnings, is shown below:

Earnings	Tax a year ago	Tax under H. R. 4473	Percent increase
$100,000	$38,000	$54,000	42
$200,000	76,000	113,500	49
$500,000	190,000	292,000	54
$1,000,000	380,000	589,500	55
$10,000,000	3,800,000	5,944,500	56

Now, Mr. Chairman, must the New Deal try to fool all the people of the country all the time?

They know, and we know, that corporate taxes are for the most part passed on to them in the form of higher prices.

They know that corporate taxes are only hidden taxes.

They know that they are going to have to pay the major share of the increased corporate taxes in the way of higher prices for the very necessities of life. This has always been the case because taxes are essentially no different from other costs of doing business.

Everyone agrees that corporate taxes are the most inflationary type of tax and this will be particularly true under H. R. 4473, which in effect creates a 42-cent dollar for the entire corporate productive forces of the country. In many cases the value of the corporate dollar will be as little as 18 cents. Padded expense accounts, fancy hotel suites, big limousines, private planes charged to the expense account—this will be the result of enactment of H. R. 4473.

Dividend disbursements to the approximately 11,000,000 or 12,000,000 stockholders in the country represent less than 5 percent of all personal income. Dividends are already taxed twice—once in the corporation and again in the individual.

It is not going to reduce inflation if by increasing the corporate tax to a 58-percent rate within this 12 months' period a reduction in corporate disbursements to the stockholders is made. Moreover, the expansion program is now being carried on to produce defense equipment. If there is not sufficient money after taxes to pay for the necessary expansion, corporations will sell their holdings in Government securities or borrow. Both methods are, of course, inflationary.

EXCESS-PROFITS TAX

The Treasury Department recommended an increase to 55 percent in the corporate tax rate.

Although Republican members were not permitted to attend the meeting during which the decision was made we judge that the Democratic members of the committee must have realized that a 55 percent regular corporate rate—15 percentage points higher than during Warld War II might seriously jeopardize the defense program and would impose an impossible tax load on small corporations.

But they reached not only the same but a worse result by the dishonest method of agreeing in their caucus to tax 25 percent of a company's normal earnings at the 82 percent combined excess profits tax rate, and H. R. 4473 so provides.

The arbitrary extension of the excess-profits tax to 25 percent of normal profits completely defeats the objective of making the excess profits tax apply to only profits derived from the defense program for which it was intended. This action, together with the increase in the ceiling relief provision from 62 percent to 70 percent will produce many rank inequities.

Let me give you just one example which will shock the conscience of any

person who believes our tax laws should be applied equitably:

As the result of H. R. 4473 if a $100,000 base period income corporation has $200,000 of current earnings from the defense program, its percentage tax increase is only 10.57 percent, or approximately one-half of that of a $50,000 corporation which has no increase in earnings over the 1946–49 period.

I need not labor this point further to show what can happen to our tax laws when they are written by party caucus and not with true minority representation.

THE NEW 20-PERCENT WITHHOLDING

H. R. 4473 imposes a 20-percent withholding on corporate-bond interest, dividend disbursements, and on royalties, patents, and copyrights irrespective of whether the recipient owes any taxes. It is estimated that approximately $500,000,000 is currently being received by individuals who have no income-tax liability or by tax-exempt institutions such as churches and hospitals from the sources. Applying the 20-percent withholding to this amount means that approximately $100,000,000 will be withheld by the Government from individuals who owe no taxes and from tax-exempt institutions.

In the case of withholding on wages and salaries established in the Current Tax Payment Act of 1943, the amount withheld from an employee is geared to the number of the taxpayer's dependents and his actual tax liability. The new 20-percent withholding, as provided in H. R. 4473, will, however, be made irrespective of the number of the recipient's dependents. Let me show you what this proposal really means to the little taxpayers of the country. Take, for example, an elderly couple who may have interest from corporate bonds and a few dividends which bring in $800 a year, and together with the husband's retirement pay have a yearly income of $2,400. This couple will have no tax liability but they will be out of pocket $160 next year as the result of withholding 20 percent on their $800. Sometime, around the middle of the following year, they will, if a proper claim for refund is made, be reimbursed the $160, but of course by that time approximately one-half of this amount will already have been withheld on the current year's dividends, and by the end of the year they will be out of pocket the full $160 all over again. The continuous withholding by the Government of an amount equal to approximately 10 percent of this couple's investment income will go on each year until they die or dispose of their investment. This is confiscation—nothing else but deliberate confiscation.

EXCISE TAXES

The Treasury Department recommended an increase of $3,000,000,000 in excise taxes.

Mr. Chairman, I submit for the record a table showing the excise tax proposals recommended by the Treasury Department. I think it is important for every Member of the House to see how President Truman's tax advisers proposed to increase the excise taxes on our people.

Item	Proposed increases in rates	Estimated additional revenue in a full year
Passenger automobiles	From 7 to 20 percent of manufacturer's price	$685,000,000
Refrigerators, television sets, radios, phonographs, electric, gas, and oil appliances, and other consumer durables.	From 10 to 25 percent of manufacturer's price	425,000,000
Alcoholic beverages:		
Distilled spirits	From $9 to $12 per gallon	710,000,000
Beer	From $8 to $12 per barrel	
Wines	Various	
Cigarettes	From 7 to 10 cents per pack	525,000,000
Cigars	Various	
Gasoline	From 1½ to 3 cents per gallon	580,000,000
Miscellaneous revisions		110,000,000
Total		3,035,000,000

I also submit for the RECORD a table showing the extent to which excise taxes have increased since 1933:

Excise tax revenues for selected fiscal years, 1933–50

[Dollar amounts in millions]

Year:	*Excise taxes*
1933	$839
1936	1,531
1937	1,746
1938	1,716
1939	1,749
1940	1,867
1941	2,381
1942	3,123
1943	3,795
1944	4,461
1945	5,945
1946	6,684
1947	7,283
1948	7,410
1949	7,579
1950	7,598

As will be seen from these tables, under the Democratic administration excise tax yields have increased from $839,000,000 in 1933 to over $7,500,000,000 in 1950.

The Treasury proposals would have increased the yield by $3,000,000,000 more, making the total yield from excises to almost $11,000,000,000. This is what the Democratic administration has done for the consumers of America.

H. R. 4473 does not contain the excise recommendations of the Treasury. However, it does impose excises on certain selective new items such as electric shavers, electric dishwashers, cigarette lighters, and a 20-percent manufacturers' tax on inexpensive fountain and ball point pens and mechanical pencils. Inasmuch as no recommendations for imposing excise taxes on these new items were made, the manufacturers of these products did not appear during the public hearings.

The fact, as clearly established by the public hearings, is that as in the case of the individual income tax and the corporate tax, excise tax rates on items now taxed have reached their limit.

During the debate on H. R. 4473 Republican colleagues on the Ways and Means Committee will point out to you the defects and inequities in many of the structural provisions contained in this legislation. I shall, therefore, not dwell on these matters. Instead, I should like to call your attention to probably the only constructive new tax contained in this bill. I refer to section 471 which provides for a new tax on professional gambling which should produce, at the very least, $400,000,000 in additional revenue annually. Literally billions and billions of dollars are being bet every year in this country on horse races and the numbers game. The public has been shocked by the recent congressional revelations of the appalling extent of this multi-billion-dollar business. It would be unconscionable to allow this business to remain untaxed at this time when new taxes are being loaded upon almost every other conceivable source of revenue, from dishwashers to bowling alleys, and from ballpoint pens to baseball bats.

The bill places a 10 percent tax on bets, principally those made with bookmakers and lottery operators, and imposes a $50 a year occupational tax on such professional gamblers and their agents. Pari-mutuel betting is exempt. Activities such as bingo and cards are also exempt, mainly because the type of tax imposed by the bill is not suitable to these games, and because such games are frequently played on a social rather than professional basis. Moreover, the bill exempts raffles such as are occasionally conducted by churches and veterans' organizations. It is believed that the bill will cover 90 percent or more of the total professional gambling.

Opponents of the new tax say that it will be difficult to enforce. I say that if we fail to impose such a tax, it will be far more difficult to explain that failure to the American people. I believe that the tax can be enforced, and that, with conscientious administration by the Treasury, the revenue estimate of $400,000,000 will prove conservative.

Mr. Chairman, I hold in my hand a copy of the report on H. R. 4473, the Revenue Act of 1951. The report consists of 152 pages, 140 of which consist of the report of the Democratic members of the Ways and Means Committee attempting to explain this legislation.

In all the 140 pages there is not a single mention of Government economy, not a single recommendation that President Truman and this Congress cut nonessential Government spending, not a single recommendation that this Congress impose upon the Federal Government the same control in the spending of the people's money as the Government has imposed upon the people, not a single recommendation that taxes be levied only to pay for the essential cost of Government.

And yet, Mr. Chairman, the people of America are demanding that these things be done before new taxes are imposed. Until they are done, I shall not

vote for one penny more of tribute from the people.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield to the gentleman from Mississippi.

Mr. RANKIN. Does this bill provide for an excess-profits tax?

Mr. REED of New York. Yes.

Mr. RANKIN. How much?

Mr. REED of New York. About $700,000,000.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield to the gentleman from Arkansas.

Mr. MILLS. It is estimated that the excess-profits tax provisions in this bill will raise about $732,000,000.

Mr. RANKIN. I was not asking about the amount it would raise, but I wanted to know what the rate would amount to.

Mr. MILLS. The over-all yield of the tax would then be between four and one-half and five billion dollars.

Mr. RANKIN. I am not talking about the amount, but the percentage of the tax; the rate.

Mr. MILLS. The rate is 30 percent, plus the 52 percent normal and surtax rate, which would make an over-all excess-profits-tax rate of 82 percent, but there is a ceiling, so that no business would pay more than 70 percent of its income.

Mr. REED of New York. Inasmuch as I have a minute left, I emphasize again the importance of cutting down nonessential expenditures of Government. There occurred in the State of New York recently a situation where a contract for certain facilities of the Army was involved. The Pentagon estimated, I think, something like $132,000,000 for this special work. The contract was let for $20,000,000, and an industrialist agreed to do it for $5,000,000. That is running to some extent throughout our whole military government, and, of course, we can cut taxes if we watch these expenditures.

Mr. CURTIS of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield to the gentleman from Nebraska.

Mr. CURTIS of Nebraska. Mr. Chairman, the distinguished gentleman from New York has made an excellent statement, and the statement of the chairman, the distinguished gentleman from North Carolina [Mr. DOUGHTON], was excellent. I think the RECORD should show, however, that the House has been in session almost 2 hours in the consideration of a $7,000,000,000 tax bill, and that the taxpayers are barred from the galleries. There are men at the gallery doors, and a pass issued by a Member of Congress is not honored. That is due to the fact that a little later a representative of a foreign government is going to talk here, but there is no reason for barring the public from the consideration of this huge tax bill during the 2 hours we have been working.

Mr. REED of New York. I thank the gentleman.

Mr. MILLS. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield to the gentleman from Arkansas.

Mr. MILLS. Knowing the gentleman as I do, and having such a high regard for him, I wonder if the gentleman would comment upon the question which numerous Members have asked of me, namely, Why does not the tax bill include some provision for the taxation of farm cooperatives? Would the gentleman comment on that?

Mr. REED of New York. I shall be very glad to answer that question.

In the first place, the farmers of this country are engaged in a basic industry. Not a wheel of industry could turn, not one, were it not for the raw materials that are produced from the ground and largely by the farmers of this country.

There was a situation prior to the farm cooperative law where the farmer was being driven to peonage back in the early twenties. A law was passed in 1926 to give some exemption relief. Then the gougers started in. They thought they could drive the farmers back into peonage where they would have to take any price that was offered. Farmers would send to the chief markets of this country their products and what would they get back? They would get back a bill for the freight. They were being pauperized, not only in one respect but in many respects.

I know why the gentleman asked the question. He is interested in the farmer just the same as I am. The gentleman knows there would be very little said in regard to this law that permits the cooperatives to be exempted from taxation if it were not for the most corrupt lobby that was ever set up in this country, to try to coerce Congress to tax the co-ops, for what? To eventually cut the throats of the farmers. I am not in that business, and I will fight this lobby to the last ditch. I am going to see that the farmers get a fair and square deal from this Congress if it is within my power to do so. The gentleman from Arkansas [Mr. MILLS] has had them before the committee. He knows what the cross-examination disclosed, a corrupt lobby. That is what these promoters are.

Mr. MILLS. One point I hoped the gentleman would discuss, in addition to what he has already said is this: Statements have been made to a great number of businessmen throughout the country that, if we would impose taxes on cooperatives, we would obtain around a billion dollars a year in additional revenue. What was the finding of the committee with respect to that?

Mr. REED of New York. The finding of the committee varied somewhat according to the years which were brought out before our committee. As I recall it, Mr. Wiggins, formerly of the Treasury, put it around $10,000,000. Then I believe Mr. Snyder, the last time he appeared, put it at around $55,000,000, including withholding on patronage dividends. Previous to that it was said that it would produce about $30,000,000.

These people are going around to the businessmen and are deliberately misrepresenting the facts to them. They are assassinating the characters of the Members on the floor of this House who are the friends of the farmers.

Mr. MILLS. Was it not pointed out by the staff of the Joint Committee on Internal Revenue to our committee in executive session that there was about $58,000,000 maximum that could be derived from taxing farm cooperatives?

Mr. REED of New York. Correct.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield to the gentleman from Mississippi.

Mr. RANKIN. If it had not been for the cooperative-power associations that the power trusts are attacking in this way the average farmer of this country would not have seen an electric light in his house for the next 50 years.

Mr. REED of New York. I want to say further, that as the gentleman knows, the evidence under cross examination before our committee of the National Tax Equality Association, these lobbyists admitted that they had collected from the businessmen of this country over $600,000 in contributions of not less than $500 each; contributions of less than that, however, do not have to be reported to the Senate and the House. Also, the lobbyists admitted they were receiving in salary about $48,000 a year.

Mr. MILLS. I want the Members of the House to know that my distinguished friend from New York has waged a fight not only in Congress, but in his own congressional district and State, over this question of the protection of the farm cooperatives. He has done a magnificent job. I know of no individual who is entitled to greater credit by the farm cooperatives than the gentleman from New York [Mr. REED].

Mr. RANKIN. Mr. Chairman, if the gentleman will yield, I want to join that statement and say that the farmers of this country do not have a better friend in the Congress in either House, on either side, than the gentleman from New York [Mr. REED].

Mr. REED of New York. I thank the gentleman very much.

The CHAIRMAN. The gentleman from New York has consumed 38 minutes.

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. RAINS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 4473) to provide revenue, and for other purposes, had come to no resolution thereon.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Miller, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and a joint resolution of the House of the following titles:

On June 14, 1951:

H. R. 2916. An act for the relief of Peter E. Kolesnikoff.

On June 15, 1951:

H. J. Res. 267. Joint resolution making an additional appropriation for the legislative

branch for the fiscal year 1951, and for other purposes.

On June 16, 1951:

H. R. 1612. An act to extend the authority of the President to enter into trade agreements under section 350 of the Tariff Act of 1930, as amended, and for other purposes.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Woodruff, its enrolling clerk, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H. R. 3880. An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1952, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. MAYBANK, Mr. O'MAHONEY, Mr. MCKELLAR, Mr. HILL, Mr. MCMAHON, Mr. SALTONSTALL, Mr. BRIDGES, and Mr. FERGUSON to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the amendment of the House to a bill of the Senate of the following title:

S. 927. An act to amend section 6 of the Central Intelligence Agency Act of 1949.

The message also announced that the Vice President has appointed Mr. JOHNSTON of South Carolina, and Mr. LANGER, members of the joint select committee on the part of the Senate, as provided for in the act of August 5, 1939, entitled "An act to provide for the disposition of certain records of the United States Government," for the disposition of executive papers referred to in the report of the Archivist of the United States numbered 51-24.

COMMITTEE ON BANKING AND CURRENCY

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the Committee on Banking and Currency may have until midnight Saturday to file a report on the bill (H. R. 3871) relating to amendments to the Defense Production Act, and also that the minority may have permission to file their views, if they so desire.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

KENNEDY SUBCOMMITTEE

Mr. BARDEN. Mr. Speaker, I ask unanimous consent that the subcommittee, headed by the gentleman from Massachusetts [Mr. KENNEDY], of the Committee on Education and Labor, may sit this afternoon during general debate.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

RECESS

The SPEAKER. The House will stand in recess, subject to the call of the Chair.

Accordingly (at 11 o'clock and 57 minutes a. m.) the House stood in recess, subject to the call of the Chair.

JOINT MEETING OF THE HOUSE AND SENATE TO HEAR AN ADDRESS BY HIS EXCELLENCY, GALO PLAZA, PRESIDENT OF THE REPUBLIC OF ECUADOR

The SPEAKER of the House of Representatives presided.

At 12 o'clock and 23 minutes p. m., the Doorkeeper announced the Vice President and Members of the United States Senate.

The Senate, preceded by the Vice President and its Secretary and Sergeant at Arms, entered the Hall of the House of Representatives.

The VICE PRESIDENT took the chair at the right of the Speaker, and the Members of the Senate took seats reserved for them.

APPOINTMENT OF COMMITTEE OF ESCORT

The SPEAKER. On the part of the House the Chair appoints as members of the committee to escort our distinguished visitor to the Chamber the gentleman from Massachusetts, Mr. McCORMACK; the gentleman from Massachusetts, Mr. MARTIN; the gentleman from New Jersey, Mr. EATON; and the gentleman from South Carolina, Mr. RICHARDS.

The VICE PRESIDENT. On the part of the Senate the Chair appoints as members of the Committee of Escort the junior Senator from Arizona, Mr. MCFARLAND; the senior Senator from Texas, Mr. CONNALLY; the junior Senator from Nebraska, Mr. WHERRY, and the senior Senator from Wisconsin, Mr. WILEY.

At 12 o'clock and 30 minutes p. m., the Doorkeeper announced the President of the Republic of Ecuador.

The President of the Republic of Ecuador, accompanied by the Committee of Escort, entered the Chamber and stood at the Clerk's desk. [Applause, the Members rising.]

The SPEAKER. Members of the Congress, I deem it a high privilege and a distinct honor to be able to present to you the head of a great and a friendly state, our neighbor to the south made up of liberty-loving and proud people, the President of the Republic of Ecuador. [Applause, the Members rising.]

ADDRESS OF HIS EXCELLENCY, GALO PLAZA, PRESIDENT OF ECUADOR

President PLAZA. Mr. Vice President, Mr. Speaker, honorable Members of the Senate and the House, distinguished guests, it is with deep appreciation that I have accepted the honor of speaking before the Congress of the United States of America in my capacity as President of a nation which, although small in size, can bring before you a record of moral achievement in having established, after years of political upheaval and despite heavy odds, a stable and truly democratic Government. [Applause.]

The privilege which you have graciously afforded me on this occasion is definite proof that your great country, which was built upon faith in people and their ability to govern themselves, is happy to give recognition to people elsewhere who cherish the same faith and the same hopes, and that your high and noble aims will always be to strengthen human freedom and the inherent dignity of man throughout the world. [Applause.]

If we look back into history, we find that the Declaration of Independence of your Republic, the basic document of your public life, was a major inspiration for our own heroes who fought for the political independence of Ecuador. Thanks in large measure to your splendid example, we are today a free and democratic nation. [Applause.]

More than a century has gone by since those heroic days and as the nations of the world again face critical times, we, the young republics in Latin America, once more find compelling reasons to look to you for leadership. Now that destiny has thrust the responsibility for the future of mankind upon your mighty and prosperous land, your aims and aspirations differ dramatically from those of all the other powerful nations which throughout history have dominated the world at one time or another. You are not interested in conquering land and subjugating peoples, you are not interested in imposing your rule anywhere; your purpose is far more noble and of far greater spiritual value. You want for the rest of the world what is already a reality in your own country. [Applause.] Your people enjoy an economic structure which calls for continuous improvement and reform toward better living standards, improved labor conditions, participation in the benefits accruing from increased wealth without loss of personal freedom and the right to free speech, to work, to strike. These are your intentions and your plans for all mankind and we are with you in this fight against servitude, poverty, and injustice. [Applause.]

This is why the free nations of the world must close ranks and fight for the principles that inspire your way of life. We have before us a powerful enemy of freedom, bent on bringing about confusion and disunion. They, the agents of a tyrannic imperialism, are creating a dangerously fanatic creed based on false promises and totalitarian solutions. In order to counteract this fanaticism we must give democracy the passionate strength and spiritual inspiration it had in the past.

I hold to a deep-rooted faith that communism has no chance to impose its doctrines upon the world, for that would mean the victory of two elements hostile to the best in human nature: brute force and dishonest propaganda. While aggressive force pretends to do away with dignity, false propaganda annuls intelligence. If dignity and intelligence are taken from man, it will mean his ultimate destruction. [Applause.]

These are the dangers we face today, which place a tremendous responsibility upon this parliament, whose impact on the course of history is recognized throughout the world.

The nations of the Americas do not believe in peace imposed by tyranny.

Our wars of independence in the nineteenth century were inspired in our will for liberty. Now, and always, we will be ready to defend freedom to the limit of our possibilities. We can accept the use of force only as a last resort in defense of peace, never for domination or for new aggressions.

I am speaking to you, gentlemen, in the name of a South American Republic that has learned to cherish liberty and hence, to realize the dangers of losing it. Therefore we realize that we must all be ready and alert to defend it with conviction, through the printed word, in the classroom, in the workshop, and the public square; and, if need be, if all else fails, if truth and reason cannot at last prevail, then on the field of battle. [Applause.]

We should strive to tell the world that the strength of democracy resides in freedom of discussion and conviction through reason, while the totalitarian system depends solely upon force and propaganda. This was the case with fascism and it failed, this was the case with nazism and that failed; for the same reasons, any other totalitarian system is doomed to inevitable failure. [Applause.] Any doctrine which denies individual liberty and the right to free discussion is reactionary, no matter what it calls itself. What propaganda tries to hide with purges and a government-controlled press is simply fear of the truth. It has been said that one of the weaknesses of democracy is excessive freedom of discussion. I believe that precisely there resides the greatness and the strength of democracy. [Applause.] You here, gentlemen in this Congress, have given the world proof of the vitality of your way of life and your civic institutions, by discussing freely and openly before the whole world problems of history-making scope. This is what we also do today in my country, in parliament, in the press and public assemblies, without restrictions of any kind, because our strength grows out of the fact that we do not fear discussion nor the truth. Our governments do not seek power through the imposition of a police state, but by stimulating a vigorous public opinion. [Applause.]

In Ecuador, I may say with pride, that anyone is free to express his opinion and to criticize the Government. We enjoy unrestricted liberty of the press.

This that would frighten a dictator, I consider our paramount accomplishment, because constructive criticism is an essential aid to good government. A real democracy is inconceivable without the right to freedom of expression. Whoever reasons that the democratic formula of government, to be successful, can be applied only in a powerful and highly developed nation, like your own, and that in certain countries or regions of the world dictatorships and colonial regimes are more in accordance with the psychology and temperament of the people, is unwittingly or deliberately misleading world opinion.

In our fight against aggression there is no sense in a position of neutrality or indecision. The defense of democracy is a defense of our own way of life, of our very life itself. This is why the resolute decision of the United Nations to fight aggression wherever it might appear, has the approval of the free world. [Applause.] This is why at the fourth meeting of consultation of Foreign Ministers, the American nations have shown their firmness against aggression in any form. We realize that we must stand together and strengthen ourselves, both physically and spiritually, if we are to keep the specter of a new war from casting its dread shadow over all our homes. This is the only way to teach the forces of confusion and chaos to respect the will of the democratic world. Only then will we live to see, in the near future, an honorable peace which is after all our ultimate and common goal. [Applause.]

This is our thinking in Latin America, this is how we look upon the crisis of today, how we evaluate democracy and understand our responsibilities; but, on the other hand, we need also to be understood through knowledge of our realities and problems.

Only the towering height of our mountains, the length of our great rivers and the vastness of our forests are comparable in magnitude to the problems we face. But these mountains and this virgin soil are not merely reserves for the future progress of mankind, but a permanent challenge to the ability of the peoples of the Americas to advance their common interests through their own labors.

The people of Ecuador have made it possible for me to show proof that democratic institutions are successful in a country weighed down with all kinds of limitations. Our very existence is a valiant struggle against poverty, ignorance and ill health. On the positive side of the ledger we can show progressive legislation which seeks to correct, gradually, social and economic patterns established over centuries. We are beginning to take good advantage of technical aid and above all, we live in a clime of liberty and respect for human dignity.

The battle for freedom and the rejection of poverty and injustice should not have any geographical limitations. It should be carried out everywhere and in the case of Latin America it is wise to recall how near we are to you. We practically live in a wing of the same building; but if we overemphasize the good will and intentions and the patience of the peoples below the Rio Grande, we might be giving too much of a headway to the forces that, moving in the dark, with the weapons of falsehood and deception, intend to undermine our spiritual foundations. To meet this threat, we must give our masses the opportunity to work and to seek their betterment, and we must do it now. [Applause.]

Our vast majorities need urgent solutions of their problems, solutions suited to our own realities, American solutions for American problems. These cannot be met by solutions designed for Europe or Asia; but we should strive earnestly and promptly to remedy the dangerous disproportion that now exists between progressive economies and the economies of underdeveloped areas.

The time has come for you North Americans and us of Central and South America, for all of us throughout this new world discovered by Columbus, to strengthen our ties, face the responsibility to cooperate in the solution of our own mutual problems, the most important of which is the defense of our democratic institutions, by adopting a firm attitude against aggression. In my country as in all the others of Latin America, a sound policy of investment for constructive progress designed to secure mutual benefits would be the most effective way to fight the infiltration of subversive doctrines. When the peoples of Latin America realize that they can improve their living standards through their own efforts, thanks to proper guidance and assistance, their faith in our common democratic destiny will unquestionably be strengthened. [Applause.]

New industries and modern methods for production, based on our immense natural resources and developed with the aid of your technical know-how, will carry civilization to the most remote corners of our hemisphere so that the men of all the Americas may attain their rightful heritage.

We all should gain from such a process which does not call for embarrassing and unnecessary hand-outs. Your industrial production would find better markets in countries with a higher economic development than in those hardly able to meet their exchange obligations through the production of raw materials alone. Therefore the farsighted concept of assistance to underdeveloped regions of the world set forth in President Truman's point 4 program, blueprinted by the Gray report and the report to President Truman from the International Development Advisory Board headed by that great citizen of the Americas, Nelson Rockefeller, if put into effect, would mean for the United States a great historic decision in keeping with its stature and its noble Christian traditions. [Applause.] A program of this nature would constitute a vital factor in eliminating all possibility of communistic infiltration in the world in which we live. It would mean answering false promises with tangible accomplishments, lies with the truth, a philosophy of imposition with one of freedom: freedom of thought and action, freedom to achieve that spiritual and material well-being which truly dignifies human living.

Because a bold policy of credit and technical assistance for economic development would defeat poverty, which is a breeding ground for communism, such a policy is urgently needed.

The vision of the statesmen and parliamentarians of today will profoundly alter the course of history. In your hands, gentlemen, is the shaping of events to come, and the fate of hundreds of millions of people whose future will be determined by the way your great Nation plays the role in which destiny has cast it. The men fighting today in Korea are doing so in the name of the free world; the hopes of all of us are with them. That free world wants an

honorable peace, a peace that will permit us to live with honor, with tolerance for all ideas, religious beliefs, and political systems; not a peace without liberty in a world of fear. This is why we cannot trust in any solution that would not dispel the element of fear.

The weak points in our democratic front, which are constantly exploited by the enemies of freedom, have to do precisely with low standards of living in the underdeveloped regions of the world.

The countries of Latin America are far from prosperous. They demand a place under the sun which they justly deserve, and when their inhabitants can enjoy the benefits of constructive economic activity, they will certainly be more ready to defend what they have got. Freedom and political ideas mean little when you are walking around on bare feet with an empty stomach. If we can unite our efforts and solve our mutual problems for the benefit of all, there will never be a power strong enough to destroy Western civilization in our hemisphere. [Applause.]

We have always considered the United States of America as the arsenal of democracy, not only the arsenal of battle during the tragic hours of war, but also the arsenal of ideas and ideals which have inspired our political constitutions, and, equally important, the arsenal of progress, of prosperity, of means for production, and of technical knowledge. If you can apply all this in global proportions you will be fulfilling the sublime destiny which historical imperatives have created for you in this day and age: the salvation of mankind from fear and insecurity, the final proscription of war and a firm hope of lasting peace for all the world.

At 12 o'clock and 52 minutes p. m., President Plaza, accompanied by the Committee of Escort, retired from the Chamber.

JOINT MEETING DISSOLVED

The SPEAKER. The Chair declares the joint meeting of the two Houses now dissolved.

Thereupon (at 12 o'clock and 53 minutes p. m.) the joint meeting of the two Houses was dissolved.

The Members of the Senate retired to their Chamber.

AFTER RECESS

The recess having expired (at 1 o'clock and 15 minutes p. m.), the House was called to order by the Speaker.

PRESIDENT PLAZA'S ADDRESS

Mr. McCORMACK. Mr. Speaker, the House and the Senate, in joint meetings, have had many honored guests in the past who have delivered outstanding addresses, but I think the Members who were present and heard the stirring address delivered by President Plaza of Ecuador will agree with me that of the great addresses that have been delivered in this House by distinguished visitors invited here, none has been greater than the one we heard this morning.

Mr. Speaker, I ask unanimous consent that the proceedings had during the recess be printed in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

INTERNATIONAL LABOR ORGANIZATION—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES (H. DOC. NO. 176)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on Foreign Affairs and ordered to be printed:

To the Congress of the United States:

In accordance with the obligations of the United States of America as a member of the International Labor Organization, I transmit herewith, for the enactment of legislation or such other action as the Congress may consider appropriate, authentic texts of two conventions and two recommendations adopted at the thirty-second session of the International Labor Conference, held at Geneva from June 8 to July 2, 1949.

The conventions and recommendations are:

Convention (No. 95) concerning the protection of wages;

Convention (No. 98) concerning the application of the principles of the right to organize and to bargain collectively;

Recommendation (No. 85) concerning the protection of wages; and

Recommendation (No. 87) concerning vocational guidance.

I transmit also the report of the Secretary of State with regard to the abovementioned conventions and recommendations, together with copies of letters from the Secretary of Labor to the Secretary of State setting forth the coordinated view of the interested departments and agencies of the executive branch of the Government with respect to those instruments.

I am requesting the Secretary of the Interior to transmit the texts of the two conventions and two recommendations to the governments of Alaska, Guam, Hawaii, Puerto Rico, and the Virgin Islands for the enactment of legislation or other action. For action and advice with respect to American Samoa and the Trust Territory of the Pacific Islands I am transmitting the conventions and recommendations to the Secretary of Defense and also, in view of the projected transfer of jurisdiction over those areas, to the Secretary of the Interior.

HARRY S. TRUMAN.

THE WHITE HOUSE, *June 21, 1951.*

THE ST. LAWRENCE SEAWAY AND AMERICA'S IRON ORE RESERVES

Mr. DONDERO. Mr. Speaker, I ask unanimous consent to extend my remark at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. DONDERO. Mr. Speaker, on June 11, the gentleman from New Jersey [Mr. AUCHINCLOSS] gave a speech on the floor of the House concerning America's iron ore reserves and the St. Lawrence seaway. He asserted that prevailing fears regarding our high-grade iron ores are unfounded and that present reserves can adequately sustain our steel industry far into the future. The facts, however, indicate just the opposite. This is such a vital matter of national security that the record must be corrected.

For over a half century, our steel industry has undergone a tremendous expansion. To accomplish this, the steel industry has relief chiefly upon the reserves of high-grade, open-pit ores, 85 percent of which has come from the Lake Superior ranges, including the Mesabi. The Lake Superior area has yielded in the past 50 years 2,500,000,000 tons of ore, of which 1,600,000,000 has come from the Mesabi. Besides being low cost and easily mineable, the open-pit direct-shipping ore of the Mesabi has had this vital characteristic: Production could be increased rapidly as needed at times of national emergency. It was largely with this type of iron ore that Lake Superior production increased from 19,500,000 tons in 1938 to 93,500,000 tons in 1942, a jump of nearly 400 percent in 4 years.

For years, we looked upon this source of supply as veritably limitless. But the tremendous demands for iron ore during and after World War II has changed this situation. The Mesabi Range now contains a known high-grade ore reserve of 912,000,000 tons, of which only 491,000,000 tons are the open-pit, direct-shipping ores, which can be scooped up by large shovels, loaded onto conveyances, and shipped directly to the blast furnaces—the kind of ore which gave our output flexibility and quick expansibility.

The Department of Interior estimates that the annual rate of ore production from 1951 to 1954 at the Mesabi will average 67,400,000 tons for all types and 49,200,000 tons for the open-pit, direct-shipping variety. When these rates are projected against the total known reserves, it is clear that we can safely rely upon the Mesabi for only 10 to 14 years' production of high-grade ores.

During the recent hearings before the Public Works Committee, the railroads, who oppose the St. Lawrence project, presented their own expert on iron ore, Mr. William O. Hotchkiss, who substantiated the inability of domestic production of ores to meet the demands of an emergency. He strongly advocated the establishment of huge stockpiles of iron ore in critical areas at Government expense. As far back as 1947, Mr. Hotchkiss predicted that the present open-pit reserves would be completely exhausted in a little more than 10 years. At the same time, he also stated in an article appearing in the May 1947 issue of Economic Geography:

> With all these facts before us, it is readily believable that within 6 or 8 years, the Lake Superior district will begin to be unable, from its reserves of presently usable ore, to supply fully the needs of the 80 percent of the steel production that now depends on it.
>
> * * * There is no possible source from which ore could be supplied to replace the Mesabi open-pit production, without ad-

vance notice of 6 or 8 years, or more. Without this open-pit ore, steel production would be cut to approximately half the present tonnage. The catastrophic effect of such a contingency on the general business of the country is unthinkable.

In the recent committee hearings, Mr. Hotchkiss emphatically asserted that there will never again be the expansibility of ore in Minnesota as occurred in World War II.

The National Security Resources Board estimates that our annual steel ingot production capacity will rise from the 100,000,000 tons of the present to 115,000,000 tons by the end of 1952, and to 130,000,000 tons by 1960. This will necessitate an annual iron ore supply of 158,000,000 tons by 1960. However, the Department of the Interior expects the maximum output of iron ore for the Lake Superior region to amount to 90,000,000 tons a year through 1954. Thereafter, Lake Superior production will fall off. Thus, taking into account the production from all domestic sources of supply, it is clear that by 1960, we will have to find new sources for between 40,000,000 and 50,000,000 tons of ore annually.

Fortunately, an important new source of high-grade iron ore on this continent has been discovered in the Labrador region of Canada, where over 400,000,000 tons of high-grade ores have already been drilled and proven. These are of the open-pit variety which lie close to the earth's surface and which are susceptible to enormous increases in production largely by the simple expedient of adding more shovels and rolling stock.

That the St. Lawrence seaway constitutes the most practical and economical route for the shipment of Labrador ores into the Great Lakes steel centers has never been seriously disputed. Moreover, the St. Lawrence seaway, because it is a sheltered inland route, would be submarine-free in time of war. Military authorities have testified that ore shipments plying the open sea lanes face a serious threat from enemy submarines, which, in the last war, torpedoed 6 of the 8 ore boats which we attempted to get through from Chile. Thus, the St. Lawrence route has an added value in the factor of safety.

Cognizant of the seriousness of the iron ore situation, Secretary of the Interior Chapman told the Public Works Committee:

> Unless we build a deep waterway from Montreal into the Great Lakes, I do not see how we will be able to meet our national iron ore requirements five years from now.

Similar concern on the part of Defense Mobilizer Charles E. Wilson has led him to conclude:

> The St. Lawrence seaway, in addition to its undoubted general contribution to our transportation system, is essential if we are to put our steel production—which is to say our entire mobilization effort—on a solid and secure foundation. Without the seaway, we shall become steadily more vulnerable in this most strategic of all strategic industries. We must not permit that to happen.

In his recent statement, our colleague the gentleman from New Jersey [Mr. AUCHINCLOSS], placed a great deal of emphasis upon our vast reserves on an iron-bearing material known as taconite, which, by a process called beneficiation, can be concentrated into a highly satisfactory iron-ore product. While we are all interested in the development of economical and practical methods for beneficiating these low-grade taconite deposits, present available information indicates that we would be foolhardy, in the least, to place heavy reliance upon taconite for the sustainment of our steel industry as the high-grade ores become exhausted.

The beneficiation of taconite is a relatively expensive and time-consuming process. Up to now, such production has been carried out only on an experimental basis. The capital investment for the improvement of taconite is extremely heavy, as indicated by the fact that mining companies are now planning the construction of taconite plants costing $70,000,000 and processing only 2,500,000 tons per year, a rate of almost $30 investment per ton of annual output.

Governmental and industrial figures show that last year, the production of taconite amounted to only 62,000 tons. This production is expected to rise to 2,500,000 tons annually by 1954, and a goal of 13,500,000 tons per year has been set for 1960. Even if this goal is achieved, and certainly it is an ambitious one in view of present production rates—taconite production will still constitute only 8½ percent of our 1960 needs. It is not only expensive, but it takes a long time to build capacity, and requires much equipment and heavy machinery. It is not readily expansible. To retain stand-by capacity for an emergency would be costly. Mr. Hotchkiss, the railroads' iron ore expert recognized this fact and advocated that the Government build these taconite plants, at tremendous cost to the taxpayer. The railroads' opposition to the St. Lawrence seaway leads them into strange byways.

Another source in which our colleague the gentleman from New Jersey [Mr. AUCHINCLOSS] placed a great deal of reliance is the Steep Rock deposit in Canada, north of Lake Superior. From time to time we hear astonishing figures with respect to Steep Rock. It has been stated that these deposits contain some 1,500,000,000 tons of iron ore and that, in the future, we can count on it for an annual production of 15,000,000 tons a year for 100 years. Such claims are highly conjectural and cannot stand the test of dependability.

The only well-supported figure for the reserves of Steep Rock is that of Mr. M. E. Hurst, Provincial geologist, Ontario Department of Mines. Mr. Hurst set forth the proven and probable reserves of Steep Rock at 71,675,024 tons. This does not differ greatly from the figure of 74,000,000 tons estimated in an address on November 18, 1949, by Mr. Hugh Roberts, consulting mining geologist for Steep Rock Mines, Ltd.

From a report by Mr. James Boyd, Director of the United States Bureau of Mines, it is clear that the figure of 1,500,000,000 tons of ore for Steep Rock represents a hope, by the company officials, that the ore bodies extend, with the same configuration shown on the surface, to a depth of 3,000 feet, or two to three times as great as their presently assumed depth. Mr. Boyd calls attention to the fact that "most of the production from Steep Rock will be by underground mining methods. The iron formation is fractured and the underground water problem is not yet known, so that cost of the underground mining has not been demonstrated. Underground production does not lend itself to expansibility and will, therefore, be limited."

This is concretely indicated by schedules submitted to the Canadian Department of Mines by Mr. M. S. Fotheringham, president of Steep Rock Mines, Ltd., which show that production is expected to rise from the 1,200,000 tons of the present to 3,200,000 tons for 1954 and 1955, and then to 5,200,000 tons annually for the period 1960 through 1965. This is a far cry from 15,000,000 tons a year for 100 years that the railroads are attributing to this source.

In summing up an analysis of Steep Rock possibilities, Mr. Boyd has this to say:

> It is apparent that the Steep Rock deposits will not and cannot replace the anticipated deficiencies in our iron-ore supplies as the open-pit Mesabi Range direct-shipping ores are depleted, but they will make a worthy contribution.
>
> The development of the desposits should be encouraged, and every available effort should be made to get this ore into our Great Lakes steel-producing area. It will take all the Steep Rock ore and all of the Labrador iron ore that we can get to meet our future demands of our expanded steel industry.

We have also been told that, even when the Labrador ores are developed, the St. Lawrence seaway will not be required for their shipment to our steel centers. It is asserted that these ores could be readily handled by rail shipments from Montreal, by the small "canallers" now passing over the existing 14-foot canals and also by the shipment of a part of these ores to east coast consuming mills. Such allegations fail to explain that they apply only to the initial 10,000,000 tons which the Labrador mines expect to produce, even though no St. Lawrence seaway is available. But the estimates of steel and iron-ore requirements submitted by Mr. Charles Wilson, the Defense Mobilizer, and Mr. John D. Small, the Chairman of the Munitions Board, indicate that the country is faced with a deficit of ore so large that Labrador must be prepared to supply a very great deal more than 10,000,000 tons. In case of war, we may have to take 30 or more million tons from Labrador as other offshore sources are cut off. There is not now any available means of bringing such quantities of ore from Labrador into the North Central States by rail. If it is attempted, it will require enormous construction projects requiring labor and materials far surpassing the cost of the St. Lawrence seaway.

The difference between Labrador ore and all the alternatives suggested to it is that Labrador is now a practical commerical project, whereas the others are

still in the realm of conjecture, exploration, and experimentation. Five steel companies have put up $100,000,000 and insurance companies another $100,000,000, making total private capital of $200,000,000; and the railroad is under construction. Ships and docking facilities are being constructed, and responsible businessmen are making firm contracts to deliver the ore, as recently the M. A. Hanna Co. agreed to sell over 30,000,000 tons of ore to Bethlehem Steel Co.

Compare this dependable business undertaking with any of the alternatives suggested, and you have the contrast between reality and hope. We cannot base our security on hope.

The railroads, who do not have the responsibility of supplying a single ton of iron ore to the steel industry, are generous with their advice as to where and how millions of additional tons of ore should be obtained. Essentially, their suggestion, and the views of their expert, Mr. Hotchkiss, comes to this: Get the ore from underground shaft mining operations; get it from taconite concentrates; get it from stockpiles built up at Government expense. All of these will be more expensive to industry, and more expensive to the taxpayer and the defense program, but it does not matter to the railroads as long as you do not build the St. Lawrence seaway.

From the foregoing, it can be clearly seen that critics of the St. Lawrence seaway cannot make plausible their claims that our iron ore supply presents no cause for alarm and that the Labrador ores and the St. Lawrence seaway are not needed to buttress our steel industry during the forthcoming period of defense mobilization. It is my belief that, in these crucial times, our reliance must be placed on the most assured and positive sources. We must supplement our remaining iron ore reserves with the rich, expansible ores of Labrador and other foreign deposits. There can be no doubt of the capacity of the St. Lawrence seaway to transport these ores in a safe, efficient, and economic manner. Thus, prudence, wisdom, and foresight dictate that the St. Lawrence seaway be constructed at the earliest possible date.

REVENUE ACT OF 1951

Mr. BUFFETT. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. BUFFETT. Mr. Speaker, I am going to vote against the 1951 tax revenue bill. I did not reach this decision easily. I know the paramount importance of tax revenues to balance Government expenditures.

During my earlier 6 years in Congress, I supported, and even crusaded for, tax-raising legislation. For example, when the 1947 tax reduction was initiated, I was one of three Republican Congressmen who voted to keep taxes high.

I believed then that harsh taxation would cause the electorate to drive us back to governmental solvency. I must admit that I did not reckon with the seductive debauchery of irredeemable paper money and bonds in postwar profligate spending.

A realistic appraisal of recent events compels me to change my stand. The complete lack of common sense, honesty, and realism in Government finances today makes this tax measure a monstrosity.

Yet my vote will not reflect undue dissatisfaction with the labors of the Ways and Means Committee. I sense that they were attempting the impossible.

If this measure, oppressive as it is, furnished even a faint hope of fiscal solvency, I would shut my eyes to its unsound and discriminatory features and would vote for it. But it does not. It offers no prospect of a balanced budget.

Instead, what does this bill do? Here is its fatal defect. It places on the American people a tax load that, by itself, would soon make America into a Socialist state.

It has many other serious defects, which need not be detailed.

For example, it extends the tactic of seizing the individual's income before it is received, in violation of moral principle. This withholding scheme imitates the Nazi tactic of "noiseless financing." Instead of extending this scheme, the withholding tax on wages and salaries now in effect should be repealed.

In the name of defense, the Truman administration rushes us toward communism via the route of inflation.

We cannot lick communism by inflation here.

Nor can we pass tax bills that will catch up with the deficit created by the Truman policy of underwriting the socialistic failures of the non-Russian world.

Postponing the day of reckoning with this fiscal insanity serves no constructive purpose.

For example, such delay prolongs the period of cheating during which thrifty, trusting people are despoiled of their real property by those who understand the deliberate debauchery of our money system.

When an honest and common-sense program to balance the budget is developed, it will have my support.

Such a program must embrace a substantial contraction of Government spending, and the restoration of a sound currency. Anything less than that is a fraud.

Until then, I decline to use my vote to help preserve the illusion that Truman's socialistic tax program will aid national defense or prevent inflation.

This tax bill advances the day when Lenin's boast will become true: the boast that he would force America to spend itself into destruction.

The foreign policy of trying to police and supply the world is a sucker game for Stalin. This tax bill is part of that sucker game.

As a noted businessman once said, "Include me out."

I will not vote to destroy America by cruel, discriminatory, and incentive-destroying taxation.

DISCHARGE PETITION NO. 4 ON TOWNSEND BILL, HOUSE BILL 2678

Mr. ANGELL. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

Mr. ANGELL. Mr. Speaker, on February 16, 1951, I introduced House bill 2378 and my colleague, the gentleman from Minnesota [Mr. BLATNIK] introduced a companion bill, House bill 2679. One or more additional bills identical in language, I understand, have been introduced by other colleagues. The bills were referred to the Ways and Means Committee on February 16.

The objective of this legislation known as the Townsend recovery plan, is to provide every adult citizen in the United States with equal basic Federal insurance, to permit retirement with benefits at the age of 60, and to cover total disability from whatever cause for certain citizens under 60; to give protection to widows with children; to provide an ever-expanding market for goods and services through the payment and distribution of such benefits in ratio to the Nation's steadily increasing ability to produce, with the cost of such benefits to be carried by every citizen in proportion to the income privileges he enjoys.

Seventy-eight House Members petitioned the Ways and Means Committee as follows:

> The undersigned Members of the Eighty-second Congress respectfully request that the Ways and Means Committee report House Resolution 2679, commonly known as the Townsend plan, out of committee and to the House of Representatives, for action.

The Members signing this petition are as follows:

HOMER D. ANGELL, Oregon; JOHN A. BLATNIK, Minnesota; WILLIAM T. GRANAHAN, Pennsylvania; AUGUSTINE B. KELLEY, Pennsylvania; TOBY MORRIS, Oklahoma; MICHAEL A. FEIGHAN, Ohio; CLYDE DOYLE, California; H. R. GROSS, Iowa; A. S. J. CARNAHAN, Missouri; SAMUEL W. YORTY, California; JOSEPH P. O'HARA, Minnesota; HARLEY O. STAGGERS, West Virginia; GARDNER R. WITHROW, Wisconsin; FRED MARSHALL, Minnesota; HAROLD C. HAGEN, Minnesota; CLARE MAGEE, Missouri; USHER L. BURDICK, South Dakota; HARRY P. O'NEILL, Pennsylvania; GEORGE P. MILLER, California; WALTER S. BARING, Nevada; GORDON L. MCDONOUGH, California; ROBERT T. SECREST, Ohio; CARL ELLIOTT, Alabama; NORRIS POULSON, California; WILLIAM S. HILL, Colorado; J. HARRY MCGREGOR, Ohio; KATHARINE ST. GEORGE, New York; A. L. MILLER, Nebraska; EDWIN A. HALL, New York; REID F. MURRAY, Wisconsin; EARL WILSON, Indiana; MERLIN HULL, Wisconsin; SID SIMPSON, Illinois; ROY W. WIER, Minnesota; ALVIN E. O'KONSKI, Wisconsin; FRANCK R. HAVENNER, California; PAUL CUNNINGHAM, Iowa; WAYNE N. ASPINALL, Colorado; JOSEPH R. BRYSON, South Carolina; THOR C. TOLLEFSON, Washington; W. J. GREEN, Pennsylvania; EDWARD BREEN, Ohio; WALTER E. BREHM, Ohio; MEL PRICE, Illinois; M. G. BURNSIDE, West Virginia;

HARRY R. SHEPPARD, California; EDGAR A. JONAS, Illinois; CLEVELAND M. BAILEY, West Virginia; CHARLES A. WOLVERTON, New Jersey; HENRY O. TALLE, Iowa; WESLEY A. D'EWART, Missouri; CLEMENT J. ZABLOCKI, Wisconsin; PHILIP J. PHILBIN, Massachusetts; EDWARD A. GARMATZ, Maryland, JAMES E. VAN ZANDT, Pennsylvania; WILLIAM G. BRAY, Indiana; CHARLES B. BROWNSON, Indiana; FRANK W. BOYKIN, Alabama; JOHN A. MCGUIRE, Connecticut; CLAIR ENGLE, California; JACK Z. ANDERSON, California; JOHN B. BENNETT, Michigan; HUGH J. ADDONIZIO, New Jersey; WALTER NORBLAD, Oregon; GEORGE D. O'BRIEN, Michigan; DWIGHT L. ROGERS, Florida; J. EDGAR CHENOWETH, Colorado; JAMES G. POLK, Ohio; CLINTON D. MCKINNON, California; WAYNE C. HAYS, Ohio; RAY J. MADDEN, Indiana; BYRON G. ROGERS, Colorado; FOSTER FURCOLO, Massachusetts; ADAM C. POWELL, JR., New York; RICHARD W. HOFFMAN, Illinois; W. STERLING COLE, New York; CECIL M. HARDEN, Indiana.

Representative JOHN PHILLIPS, of California, is also sponsoring this legislation.

In view of the fact that the Ways and Means Committee has taken no action on the legislation and the time is approaching for a recess of the Congress, I have filed today Discharge Petition No. 4 which is on the Clerk's desk.

I most respectfully urge all Members of the House who are interested in providing adequate security benefits for the aged, dependent widows and orphans, to sign Discharge Petition No. 4 so that the legislation may be brought to the floor for consideration. If 218 Members of the House sign it will be brought up under an open rule so that any germane amendments may be brought up and voted on.

Unfortunately in these distressing times with the ravages of inflation gnawing at the vitals of our economy and with prices of the necessities of life—food, clothing, shelter, and medicine—at an all-time high, and with the dollar shrunk to practically 50 cents in purchasing power, the old people of America, as well as all others who must depend on a fixed, small income from annuities, interest on securities or other frozen income, are put to their wits ends to find purchasing power sufficient to secure the simple necessities of life to keep body and soul together. These are the forgotten people of 1951.

The Congress has expended over $30,000,000,000 in foreign lands since World War II in aid of the peoples of almost every area of the globe, but has overlooked the crying needs of this group of our citizens here at home, many of whom are suffering from malnutrition and lack of adequate medical and hospital care and protection from the elements.

The Federal Security Administrator has called to our attention that 50 years ago, no one was troubled by old-age insecurity. There were older people, it is true, but only some 3,000,000 Americans had passed the age of 65. Today that age group has grown to well over 11,000,000. Their number is expected to double in the next 25 years. At the same time, their proportion to the total population has been increasing. In 1900, 1 out of every 25 Americans had celebrated his sixty-fifth birthday. Today the figure is 1 out of 13. Science and improved standards of living have combined to prolong youth as well as life. The people who are living longer are staying young longer. They are changing the face of America. They are presenting one of the greatest domestic challenges of our time: How are we to make the lengthened life span better, happier, and more productive?

The very first and essential step is to revamp our concepts of aging, and get rid of the strange sense of opprobrium so many of us attach to the term. Aging begins with life itself, and continues as long as life does. The fundamental strength of our democracy is the recognition and appreciation of the fact that an individual living happily and enjoying fulfillment is our richest resource. This applies to individuals of all ages. During the past 50 years there has been a change in the problem of old-age security due to our change from a rural, preponderantly agricultural society to an urban industrial society. About 60 percent of Americans now live in towns and cities over 2,500 population as contrasted with 35 percent in 1890. Seventy-five percent of our workers are employees whose incomes cease when their efficiency declines. It has become difficult, and in many cases impossible, for the family to take care of the older members. To a large extent, the family is no longer an economic unit. Fifty years ago there were 13 people of working age for every 1 over 65. The ratio now is 8 to 1; 25 years from now it will be about 5 to 1. There are now 11,000,000 people over 65 compared with 5,000,000 in 1920. In 1948 only about 1,500,000 people over 65 could support themselves on incomes from savings and investments. About 3,500,000 had no incomes. About 4,500,000 had yearly incomes of less than $1,000. Social-security pensions were received by 1,500,000 and old-age assistance payments by 2,500,000.

Furthermore, the possibility of providing financial security for old age has been greatly restricted by the big increase that has occurred in the proportion of people's incomes which is taken from them through taxation, and especially during the past 10 years, by the reduction that has occurred in the purchasing power of incomes, particularly fixed incomes, because of price inflation. The tax bill we are now considering is confiscatory, the largest in our history, and puts a tax burden on small-income groups which takes food from their mouths. The dollar's purchasing power as applied to food is less than half what it was in 1940, and on an over-all basis it is less than 60 percent. All about us are indications of a continuing inflationary trend which will further reduce the value of our money unless it can be checked.

Notwithstanding the 1950 amendments to the Social Security Act extending the system to nearly 45,000,000 jobs or ten or eleven millions more than were formerly covered, the major portion of persons 60 years of age and over are not embraced in the social-security program. More than 13,000 pension plans cover 7,000,000 employees in United States industry. The first United States pension was established by the Grand Trunk Railroad in 1874. Even with the extended coverage under social security and the private pension plans, millions of American citizens 60 years of age and over are dependent upon aid from the Government or some pension program or their relatives for support.

Payments to individuals for direct relief not including social security, pensions, unemployment insurance, and so on, for Federal, State, and local governments in 1934 aggregated $745,000,000, but in 1948 it had increased to $1,727,000,000. Payments for direct relief have increased about 20 percent a year since 1945. This shows us convincingly that the present provision for old-age security is not meeting the problem.

It has become increasingly apparent to all who have studied the problem of old-age security that the existing social-security law, even as liberalized in the last Congress, is wholly inadequate to meet the needs of the large group of citizens who will be benefited by this legislation. It is equally apparent that the legislation we are proposing will solve this problem efficiently and more equitably than the existing social-security law, and the over-all expense in the long pull will be less than society is now called upon to pay.

The Townsend plan is a self-financing, noncontributory retirement system under which beneficiaries will receive annuities as a matter of right without reference to charity or prior contributions. It is Nation-wide and covers all citizens 60 years of age or over. It is a pay-as-you-go system. Annuities will be paid currently out of currently raised revenues.

Annuities should be provided with neither the stigma of charity nor poverty. They should be given as a matter of right as dividends from the national wealth the aged have helped to create. The system should be one that would replace the complicated, arbitrary, and inequitable provisions of the existing social-security law. It should be one which will have a stimulative effect upon our economy and one which will help to make available jobs to all the young who will replace the aged as the latter move into retirement with a decent standard of living. Only noncontributory pensions will meet the needs of those now grown old who are in need because of past neglect in providing an adequate contributory retirement system.

Mr. Speaker, in behalf of myself and the other sponsors of this legislation, I appeal to all my colleagues to join in the signing of Discharge Petition No. 4 at once so that this legislation may be brought to the floor and considered upon its merits before the Congress recesses.

We would be derelict in our duty to recess and go home without providing for the elderly citizens of America who are in distress. Charity begins at home, and while we are spending billions overseas let us not overlook our own needy on our front doorstep. The annuities

provided in this legislation are not charity but dividends earned by the recipients for their labors through the years in building our America and preserving its economy. As I have said before in appealing for favorable action on this legislation, why not enact a Marshall plan for the aged of America while we are casting our eyes overseas to help the needly in foreign lands? Let us sign Discharge Petition No. 4 now.

REVENUE ACT OF 1951

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill (H. R. 4473) to provide revenue, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the further consideration of the bill H. R. 4473, with Mr. RAINS in the chair.

The Clerk read the title of the bill.

Mr. DOUGHTON. Mr. Chairman, I yield 25 minutes to the gentleman from Tennessee [Mr. COOPER].

Mr. COOPER. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and I also ask unanimous consent that the gentleman from Michigan [Mr. DINGELL] may extend his remarks in the RECORD immediately following my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. COOPER. Mr. Chairman, the pending bill, H. R. 4473, to provide revenue, and for other purposes, was favorably reported by your Committee on Ways and Means by a vote of 19 to 6, and is a very vital and important part of the defense program.

Very careful and thorough consideration has been given to this measure. The committee began public hearings on February 5 which extended to April 2. Everybody requesting an opportunity to be heard was given that opportunity. Two whole days were set apart for Members of the House to appear and express their views. Certainly one of the most thorough and complete hearings that has ever been held on any bill was held on this pending bill. Since April 2 the committee has been in executive session considering the provisions of this measure.

The military situation in Korea and the preservation of world peace have made it necessary to provide substantial increases in revenue to meet the national-defense program. Since hostilities began in Korea 1 year ago, your Committee on Ways and Means has reported and Congress has passed three important measures affecting the revenue. First was the Revenue Act of 1950, second, the Excess Profits Tax Act of 1950, which was finally approved January 3, 1951, and third, the Renegotiation of Government Contracts Act which was enacted early in 1951. Now there is this fourth important measure, the Revenue Act of 1951.

The passage of this bill, along with the other two tax acts mentioned, will add $17,000,000,000 to the Federal revenue. The Revenue Act of 1950 produced $6,100,000,000. The Excess Profits Tax Act of 1950 is expected to produce $3,900,000,000. An additional revenue of $7,200,000,000 is estimated to be provided by the pending bill.

I would invite your attention to page 2 of the committee report, where there is an important breakdown of the increases imposed under these various acts.

Under the Revenue Act of 1950 individual income taxes produced $3,438,000,000. Corporation income taxes will produce $2,290,000,000. Excise taxes will produce $73,000,000. Other provisions of the Revenue Act of 1950 will produce $300,000,000. Therefore, there will be a total of $6,101,000,000 under the Revenue Act of 1950.

Under the Excess Profits Tax Act of 1950, and, of course, you know the excess-profits tax applies only to corporations, the corporate income and excess-profits taxes will produce $3,850,000,000.

Under the pending bill, individual income taxes will produce $2,847,000,000, corporation income taxes will produce $2,855,000,000, excise taxes will produce $1,252,000,000, and other provisions under the pending bill are estimated to yield $245,000,000 of additional revenue, making a total of $7,199,000,000 of additional revenue. This is the largest amount of additional revenue under any tax bill in the history of this country. It is anticipated that this bill, with the revenue provided under existing law, will result in collections in the fiscal year of 1952 of $66,300,000,000.

Under the pending bill the individual income-tax rate is raised by 12½ percent, effective September 1, 1951.

That simply means that under the provisions of this bill, individual income-tax payers will figure their income tax just as they did this year, and then increase the amount of the tax by 12½ percent. Under the pending bill, heads of households are given half the benefit of income splitting for future years.

The income-tax rate on corporations is raised by 5 percentage points. The excess-profits credit is reduced to include only 75 percent of the 1946–49 earnings, and the over-all ceiling is increased to 70 percent.

The major changes in the excise-tax provisions are to increase the tax on alcoholic beverages, tobacco, gasoline, and automobiles.

This bill imposes a new tax on wagering.

Among other changes proposed one of the most important is the provision for withholding on dividends and certain interest and royalty payments.

As you know, we already have withholding on wages and salaries and have had for a number of years. Since we already have withholding on earned income from wages and salaries, your committee felt it was only fair to provide for withholding on investment income from dividends, interest, and royalties. Information given the committee shows that there is $1,100,000,000 in dividends and $1,900,000,000 in interest, making $3,000,000,000 more from dividends and interest each year which is received by individuals in this country than is reported for income-tax purposes.

It is estimated that we will receive $323,000,000 additional revenue from this withholding provision, which is money the Government is supposed to be receiving, but is not now receiving because these payments of dividend and interest are not reported for tax purposes.

Under the provisions of this bill, there is to be no withholding on interest on United States savings bonds, postal savings certificates of deposit, bank deposits, mutual savings bank deposits, or on amounts paid by savings and loan associations, building and loan associations, cooperative banks, homestead associations, credit unions, or any similar organization with respect to withdrawable or repurchasable shares, investment certificates or deposits, whether or not the payments are designated as interest or dividends.

Certain important provisions are included in this bill with respect to the corporation taxes. That is one of the principal sources of our revenue, as is well known. The bill makes the following changes in the corporate income tax:

The corporate normal tax is increased from 25 to 30 percent.

The surtax rate remains the same, at 22 percent.

Since corporations with incomes of $25,000 or less are not subject to the surtax, their rate is increased from 25 to 30 percent.

The combined normal tax and surtax on corporate incomes in excess of $25,000 is increased from 47 to 52 percent.

As was pointed out a few moments ago, it is estimated that there will be $2,855,000,000 of additional revenue from corporations.

As has been previously stated, the changes made in this bill with respect to excise taxes are estimated to yield $1,252,000,000 of additional revenue. The limitation of time will not permit a detailed discussion of all of those provisions with respect to the excise taxes or with respect to many other important provisions of the bill, but most of those provisions will be discussed by different Members during the course of this debate.

As was so effectively pointed out by the chairman [Mr. DOUGHTON] during his splendid statement on this bill, we have to meet the situation as it is now presented. One of three things will have to be done. Either we will have to provide additional revenue, or substantially reduce the expenditures of the Government, or again resort to deficit financing. It should be borne in mind that during the last 5 years there has been no deficit financing, and during that time some $15,000,000,000 have been paid on the national debt. That much of the Government's obligations have been retired.

Of course, we realize that none of us especially likes the unpleasant task of imposing additional taxes, but we realize

that under the situation as it now exists, additional revenue has to be provided. For the next fiscal year it is estimated that our revenue will amount to about $60,000,000,000. Under the budget submitted by the President of the United States for the coming fiscal year, the sum of $71,000,000,000 is included. Therefore, it will be seen there is a difference of about 10 or 11 billion dollars between the anticipated amount of the revenues for the coming fiscal year and the budgeted expenditures for that time. It is hoped, of course, and I share that hope as fervently as anybody could possibly share it, that we may be able to reduce expenses some during this year. Certainly efforts have been made in this Chamber as the various appropriation bills have been considered to reduce the amounts provided in those bills. Most of the bills that have been presented so far by the Appropriations Committee have been below the budget estimates, and some further reductions have been made by the action taken here in the House of Representatives. Certainly we do not know yet just what the situation actually will be after the Congress completes its work of passing the necessary appropriation bills for the support of the Government and for our great national-defense program.

The CHAIRMAN. The time of the gentleman from Tennessee [Mr. COOPER] has expired.

Mr. DOUGHTON. I yield the gentleman from Tennessee 10 additional minutes.

Mr. COOPER. But even if this bill is finally enacted into law as it is now presented to the House and yields $7,200,000,000 additional revenues, the additional receipts for fiscal year 1952 will be $5,429,000,000, we may still reasonably expect that we will have to reduce expenditures by nearly $5,000,000,000 and reduce appropriations by that amount to be able to come out even.

The Secretary of the Treasury requested $10,000,000 of additional revenue, which is the amount that will be necessary unless the appropriations are reduced below the amount of the budget.

The pending bill provides $7,200,000,000 in a full year of operations, and $5,000,000,000 in the next fiscal year. So with the enactment of this measure there would still be the opportunity, in fact, the compelling necessity to reduce appropriations by $5,000,000,000 in order to be able to come out even and have a balanced budget and not have to resort to deficit financing.

Your committee presents this bill as the best product of its efforts that can be offered at this time and believes that this measure is worthy of your support.

Mr. ROGERS of Florida. Mr. Chairman, will the gentleman yield for a clarifying question?

Mr. COOPER. I yield.

Mr. ROGERS of Florida. I wish to have the gentleman's opinion with reference to whether farmers who borrow money from insurance companies or loan companies are required to withhold 20 percent of the interest they are supposed to pay to the loan or the insurance company.

Mr. COOPER. No; that does not apply to a case like that.

Mr. ROGERS of Florida. How would that be handled?

Mr. COOPER. There is just no change made in the present practice so far as this bill is concerned.

Mr. ROGERS of Florida. To whom does it apply? Who must withhold 20 percent of the interest paid?

Mr. COOPER. There would be withholding on dividends received from corporations and also on interest on bonds of corporations and items of that kind. I read to the House a long list of exemptions that are specifically provided under this bill, and the illustration that the gentleman gives would not be covered by the provisions of this bill so far as withholding is concerned.

Mr. JOHNSON. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from California.

Mr. JOHNSON. Would the gentleman be kind enough to explain to us the withholding of corporate dividends? Is it that the corporation takes a share, whatever the percentage is under the law, takes that share off the dividends and sends it to the Government? Or do they just report that a certain individual got a certain dividend?

Mr. COOPER. The gentleman, of course, knows how the law now operates with respect to withholding on wages and salaries.

Mr. JOHNSON. I understand that thoroughly.

Mr. COOPER. In other words, when somebody owes wages or salaries to an individual they withhold now 18 percent. Under this bill the rate would be increased to 20 percent. That amount of the tax is withheld and remitted to the Government and, of course, the individual gets his receipt showing the amount that has been withheld and paid for him as his tax, and he will claim credit for the amount withheld when he files his tax returns. Withholding on dividends and interest, except for the fact that withholding receipts are not required, will operate practically the same; in other words, if a corporation owes the gentleman a certain amount of dividends, it will simply withhold 20 percent, remit that to the Federal Government; and, of course, he will claim credit for that amount on his tax returns.

Mr. JOHNSON. Mr. Chairman, will the gentleman yield for a further question?

Mr. COOPER. I yield.

Mr. JOHNSON. Does that apply to all corporations whether they do interstate business or not? Does it apply to every domestic corporation?

Mr. COOPER. It applies to all dividends and all interest except those specifically exempted, as I have heretofore stated.

Mr. YORTY. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from California.

Mr. YORTY. The gentleman has referred, I believe, earlier this morning to a tax on illegal activities. It seems to me it is important to clear up the fact that these illegal activities are not activities made illegal by Federal law. The Federal Government has no moral code. For instance, we do not interfere with activities in the State of Nevada which are perfectly legal there but illegal in other places. The Kefauver committee has caused many people to think that much of the local lawlessness is due to lax Federal enforcement when, in fact, the Federal government has no jurisdiction to enforce local laws.

Mr. COOPER. The gentleman has stated the situation very well. Of course, as I undertook to say, we are not in any sense condoning any of these illegal activities. We are just as much opposed to them as anybody could possibly be; but we are told that there are billions of dollars every year made through activities of this kind. We want to try to see to it that a tax is collected on those activities.

Mr. MARSHALL. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Minnesota.

Mr. MARSHALL. The Committee on Ways and Means, in considering a previous tax measure, did what I thought was a worthy thing in attempting to cut down the interest payment on overpayments of income tax. That was thrown out in the other body. I wonder if the gentleman could tell me what the plans of this committee might be in reference to this revenue measure or any future measures in connection with trying to close that loophole?

Mr. COOPER. As the gentleman points out, it is a matter that has received careful consideration. As I remember it now, in a previous measure reported by the Ways and Means Committee, and passed by the House, a provision of that nature was included but was taken out in the other body. It is one of those things we will have to give further consideration to. We recognize that there is considerable merit in the position taken by the gentleman from Minnesota. Many other Members have taken that position and quite a number of bills have been introduced by various Members of the House seeking to accomplish that result.

Mr. MARSHALL. As I recall, that runs into a sum of approximately $50,000,000 annually in interest on overpayments of income tax.

Mr. COOPER. At the moment, I do not recall the exact amount. I believe the provision in the 1950 revenue bill, as passed by this House, to cut interest on refunds from 6 percent to 3 percent would have saved $45,000,0000 a year.

Mr. MARSHALL. It is a considerable amount.

Mr. COOPER. There has been considerable interest in it and Members of the House have introduced bills along that line. I feel confident that the committee will give further attention to it.

Mr. MARSHALL. I know that the committee and the House have been very cognizant of the fact and have been working on it. It was merely the interest that people have shown in this matter that prompted me to ask the question of the gentleman.

Mr. LANTAFF. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Florida.

Mr. LANTAFF. I notice from the estimates that approximately $400,000,000 will be derived in revenue from the proposed tax on bookmakers.

Mr. COOPER. Wagering.

Mr. LANTAFF. I am wondering whether or not the effect of requiring an occupational tax and providing that the collector shall make a list public of all those engaged in bookmaking activities will not have the desirable effect of putting these bookmakers out of business and that little revenue will actually be received from this source?

Mr. COOPER. Many of us feel it would be a desirable thing to put them out of business and to the extent they are put out of business, of course, there will be no revenue. To the extent they stay in business and make money we propose to get some revenue out of it.

Mr. LANTAFF. In any event, the end result of this provision will be a desirable accomplishment.

Mr. COOPER. We feel to put them out of business would be desirable and for the best interest of the country, but if they do stay in business and make money from that source we propose to try to get some of it as revenue for the Government.

Mr. JONAS. Mr. Chairman, will the gentleman yield?

Mr. COOPER. I yield to the gentleman from Illinois.

Mr. JONAS. As I understand the provision in the tax law which the gentleman from Tennessee has referred to that deals with illicit and illegal business was put in there for the purpose of collecting additional revenue, to accelerate what revenue is now being planned under the provisions of the bill.

Mr. COOPER. Of course, the purpose of that provision in this bill is to secure additional revenue.

Mr. JONAS. I want to cite a situation to the gentleman and I would like to get his reaction. In my State of Illinois, both under the Constitution and the statutes passed in pursuance thereof, it is provided that it is illegal to have any gambling paraphernalia in your possession or to conduct any business that depends upon gaming or chance or lottery. For instance, take a slot machine: Whether it works or not, in the eyes of the law in Illinois it is a crime per se to have it in your possession, and it is another crime if you play the machine. Now, I understand the Government is presently already licensing slot machines; in other words, they give you a license and they say to the owner, "You can operate that machine." Assuming that is in my State. Secondly, you have a provision in this bill that you will charge a bookmaker $50 occupational tax, which is nothing more or less in layman's terms than a license to do business. Now, by the wildest stretch of the imagination, and giving this section of the law the most liberal interpretation, does the gentleman for 1 minute take the position or assume that a bookmaker in Chicago, Ill., who operates now surreptitiously to some extent, would come to the Government of the United States and say, "Here is my address and here is my business, and here is your $50, and I am now operating under cover, but I want to be exposed for $50 and I want to make myself amenable to the law." Where is the consistency and the practicability of that kind of a law?

Mr. COOPER. Of course, it is doubtful whether they will come in and wilfully pay this occupational tax, but whenever you catch one who is doing that kind of business and has not paid the occupational tax, you have an opportunity of assessing an additional penalty against him for failure to do that.

Mr. JONAS. Do I understand that this law can be so interpreted that if a bookmaker is caught operating surreptitiously now, and he has no license, and he is doing it illegally—and if he is caught and convicted, the maximum fine is $200—you can impose upon him an additional fine of $50 under this law and allocate $50 of that fine to the Government of the United States?

Mr. COOPER. Of course, this is an occupational tax.

Mr. JONAS. It is a license.

Mr. COOPER. It is levied. If a man does that kind of business without paying the occupational tax, he is violating the law, and there are certain penalties provided for the violation of that law. If there is willful evasion, the penalty would be imprisonment of up to 5 years, and a fine of up to $10,000, or both.

Mr. JONAS. Is he not violating the law even if you give him this $50 license in my State?

Mr. COOPER. He may be violating the law in the State of Illinois but he is not violating any Federal law that I know of unless he fails to comply with this provision.

Mr. JONAS. All this does is this: In other words, it is bait to this fellow to go out and say to him in the State of Illinois, "You are violating the law, but if you come to the Government of the United States and get a $50 license it at least lends color that you can violate in the open?"

Mr. COOPER. No; I do not think that is the situation at all.

Mr. JONAS. I construe it that way.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

OPPOSITION TO INCREASED EXCISE TAXES IN THE PENDING BILL

Mr. DINGELL. Mr. Chairman, in accordance with my convictions and my consistent record of irreconcilable opposition to excise taxes, I have resisted the enactment of every new excise tax included in H. R. 4473, the pending bill. In fact, at all times and at every opportunity I have steadfastly opposed every increase and new levy in the existing excise tax structure.

I will recognize the need for additional revenue to finance our defense program and to resist the threat of Communist aggression whenever and wherever it may threaten the free world. Despite the need for additional revenue, however, there is no justification in my opinion for a departure from accepted principles of taxation on the basis of ability to pay.

The continued heavy reliance upon a large group of excise taxes appears to me to conflict in principle with the opposition expressed in the platform of the Democratic Party in 1948 to a general Federal sales tax. It will be recalled that during the Republican Eightieth Congress there were unmistakable signs and outright expressions that the party then in control of the Congress was leaning in the direction of a Federal sales tax. A ranking Republican member of the Committee on Ways and Means had introduced a bill for a general manufacturers' sales tax. The then Republican chairman of the Committee on Ways and Means had appointed a so-called special tax study committee of New York bankers and Wall Street lawyers which filed a report stating:

> In the opinion of our committee, excise taxes should continue to form an important part of the Federal revenue system. A case can certainly be made for strengthening the excise-tax structure.

Perhaps the best evidence of Republican support for a sales tax is their record on the repeal of the so-called temporary wartime excise taxes. When these wartime excise taxes were added by the Revenue Act of 1943, I opposed them just as I have opposed the inclusion of additional excise taxes in the pending bill. Although I was unsuccessful in avoiding the imposition of the higher wartime excises, at my insistence a provision was included in the bill providing for the termination of these taxes 6 months after the cessation of hostilities, if not earlier.

Again, although hostilities had not been terminated, I urged that repeal of the temporary excise taxes was a moral commitment upon the Congress of the highest priority and that it certainly took precedence over repeal of the excess-profits tax on corporations. When the Committee on Ways and Means was considering the Revenue Act of 1945, it was on my motion that a provision was inserted terminating these excise taxes on June 30, 1946—1 year before they would have been terminated under the provisions of the Revenue Act of 1943. Although this proposal was included in the 1945 bill as passed by the House of Representatives, the other body preferred to repeal in full the excess-profits tax and my excise-tax repealer was a sacrificial lamb upon the conference altar.

The 1946 election campaign gave Republican candidates for Congress an opportunity to pledge themselves to tax reduction generally and to excise-tax reduction in particular. The ranking minority member of the Committee on Ways and Means, Mr. Knutson, who was soon to become, for a brief but untimely period, the chairman of the Committee on Ways and Means, introduced a bill to repeal the wartime excise taxes in an effort to capitalize on Democratic failure to enact such repeal. All Republican members of the Committee on Ways and Means promised downward adjustments in Federal excise taxes in a public statement. Yet when theirs was the responsibility the first major bill of the Republican Eightieth Congress—January

1947—was one to make permanent the temporary war excise-tax rates. That this was done in order to grant income-tax reduction for the upper brackets was publicly announced by the Republican chairman of the Committee on Ways and Means, who said that it was "the hope of the committee to be able to shift much of the burden that is now being carried by the income tax group over to the excises, at least in part" and just to make it clear, he added:

> Obviously, if we are going to extend the excise field we will have to include a great many items that are not now included.

This indicates definitely the philosophy of the Republicans to shift the tax burden to the shoulders of the consumer who constitutes at least 95 percent, most of whom are in the class least able to carry the tax load.

A trifle discouraged but not surprised by the repudiation of Republican campaign promises of excise-tax reduction, I still kept up the fight. When Chairman Knutson introduced his Republican rich-relief income-tax-reduction bill, I countered persistently with my bill re repeal the wartime excise taxes.

The Republicans concluded that Federal taxation was too complicated for the people to understand, but when President Truman took this issue to the country in 1948, after three vetoes of the Republican bill for tax windfalls for upper-bracket income and estate taxpayers, the people understood and rendered their verdict.

It gave me considerable hope and satisfaction, therefore, to introduce on the first day of the Democratic Eighty-first Congress another bill calling for the repeal of the wartime excise taxes and to see a substantial part of the provision of my bill included in the revenue bill of 1950 as passed by the House of Representatives. That bill did not go so far as I would have liked to see it go, but it did grant excise tax relief amounting to more than $1,000,000,000 and contained provisions to make up for the loss of revenue resulting from the excise tax reductions. It did my soul good to see the Democrats grant the excise tax relief that the Republicans had promised but failed to provide. Unfortunately, however, this excise tax reduction bill was passed by the House during the first week of the Communist aggression in Korea and this action snatched excise tax reduction from our grasp just as did the Republican victory in the 1946 election.

Since the invasion of Korea, during the enactment of two major tax bills and until now, I have been successful in resisting obvious efforts to expand greatly these "super duper" sales taxes. Although excise tax reduction was stricken from the 1950 bill as passed by the Senate, I was successful in obtaining agreement for insertion in the conference report a statement that—

> The conferees recognize that there are inequities in our excise tax system and believe that the subject should have continuing consideration.

The necessity to abandon immediate repeal of the wartime excise taxes was bitter medicine for me. I had to acknowledge that at least temporary continuance was inevitable but it was my earnest hope that these excise taxes would soon be supplanted by the promised excess-profits taxes on the rapidly rising corporate profits. My disappointment was somewhat alleviated by expressions of Republican support of a pay-as-you-go fiscal policy and the public assurance by the ranking Republican member of the Committee on Ways and Means in a speech in the House on September 22, 1950, that—

> When our war expenditures move into high gear, it will then undoubtedly be necessary to raise an additional $10,000,000,000, or more, if we are to attempt to meet our increasing expenditures on a pay-as-you-go basis, as, indeed, we must.

When the Republican reputation for fiscal responsibility was put to the test, however, they responded by opposing the Excess Profits Tax Act of 1950 just as they now oppose higher income-tax rates on individuals and corporations contained in the pending bill, although these taxes are generally recognized as the fairest and most equitable sources of additional revenue.

Despite the recognized need for additional revenue, I regret the inclusion of $1,250,000,000 in additional excise taxes on the consumers of the Nation. This is a most regressive and unfair method of sharing the burden of resisting Communist aggression. It is disappointing, indeed, to see the already overburdened automotive industry subjected to more than $500,000,000 in additional excise taxes alone. The breakdown of the excise-tax load on the automotive industry, with the excise taxes under present law, the increase under the pending bill, and the total in the event the bill becomes law, is shown in the following table:

Automotive excise tax burden

[In millions]

Items subject to tax	Estimated revenue under present law	Increased revenue under the bill	Total revenue under the bill
Automobiles and motorcycles	$465	$196	$661
Trucks, busses, etc	102	61	163
Automotive parts and accessories	94	56	150
Gasoline	630	210	840
Diesel fuel		10	10
Tires and tubes	150		150
Total automotive excise taxes	1,441	533	1,974

According to the estimates of the staffs of the Joint Committee on Internal Revenue Taxation, the revenue yield from excise taxes under the pending bill would be nearly $10,000,000,000, or almost 70 percent greater than collections in 1945—the last year of World War II. Income taxes from individuals, however, under the pending bill would be increased by little more than 50 percent above the level of 1945 individual income-tax collections. Total corporate-income and excess-profits taxes under the pending bill are estimated to yield approximately 60 percent more than the yield from these taxes in the fiscal year 1945.

It is this relatively increased dependence upon excise taxes to finance the present defense effort as contrasted with the financing of World War II which causes me the greatest concern.

I am convinced that this action coincides with the avowed purpose of a substantial segment of the Republican members of the Committee on Ways and Means and of the House to obtain eventual enactment of a Federal sales tax. I have urged that we not resort to further increase in the excise taxes and, when this failed, I proposed that these new excise taxes, as well as all the wartime excise taxes imposed by the Revenue Acts of 1941, 1942, and 1943, should terminate within a period of 2 years from the effective date of the present bill. With excise taxes approaching a total yield of $10,000,000,000, it seems imperative to me that so regressive a tax burden should be subject to mandatory reexamination of the Congress within a very short time. That proposal, however, was also rejected by the Committee on Ways and Means, but I have thereby served notice to my colleagues and to the Members of the House that I shall remain ever alert against further extensions of the Federal excise taxes and shall, above all, oppose to the limits of my capacity and influence any effort to impose the curse of a general Federal sales tax.

Mr. Chairman, the provisions of this bill increasing the income taxes on individuals and corporations are based upon ability to pay and are required in the interest of a sound fiscal policy. The tax incentives afforded to the mining industry are essential if we are to maintain an adequate supply of raw materials for our highly industrialized economy in peacetime and for our survival in the event of war. Despite the additional excise taxes imposed, there are other worth-while tax concessions made to the average taxpayer, such as the offset feature when a home is sold at a profit and in its stead another is purchased at an inflated price. Therefore, I favor passage of the bill.

Mr. REED of New York. Mr. Chairman, I ask unanimous consent that the gentleman from Michigan [Mr. WOODRUFF] be permitted to extend his remarks at this point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. WOODRUFF. Mr. Chairman, drastic times call for drastic action, and the people of my district are demanding that President Truman and this Congress put a quick halt to nonmilitary Government spending before imposing over $17,000,000,000 in new taxes within less than 12 months.

H. R. 4472 is not the first tax bill since Korea. It is not the second tax increase. It is the third tax increase bill—all within the past 12 months. And, during this same 12 months' period, has the Truman administration made any real attempt at Government economy? It has not. Instead, President Truman has asked the Congress for $71,600,000,000 in expenditures for the fiscal year 1952.

President Truman has proposed domestic-civilian expenditures totaling $9,800,000,000. This is an increase of

$1,300,000,000 over estimated expenditures for domestic-civilian items for the current year. It is $500,000,000 more than we spent for domestic-civilian items last year. It is $3,700,000,000 more than we spent for domestic-civilian items in 1948, when postwar peace and prosperity were thought to be inclined toward stability. It is $6,200,000,000 more than we spent for domestic-civilian items in 1946, when, as now, we were in a semi-war economy.

Just as in the World War II period, agencies all over the Government are again attempting to increase their expenditures on the grounds that they are contributing to the national defense.

Actually, the proposed domestic-civilian items in the President's budget include all the major socialistic programs of recent years—socialized housing, agriculture, and medicine, and federalized education. This year we are told they are imperative to preparedness and national defense.

But, Mr. Chairman, the people of my district and the people of the country want to know why the wasting of their money is permitted. They want to know why this Congress does not do something to halt the extravagance of the executive departments before raising their individual income taxes by 12½ percent.

They believe, as I believe, that at least seven or eight billion dollars could be cut from President Truman's budget without interfering with the defense program or with the essential operations of the Federal Government.

The biggest item in the budget is, of course, the $40,000,000,000 for military spending. But there is no question that the Armed Forces are notorious for extravagance in the use of civilian manpower and expenditures of the funds appropriated by the Congress. They have been employing approximately one civilian for each two men in uniform, as compared with one civilian for each five men in uniform at the World War II peak. The military effort would be strengthened if, through greatly needed efficiency, the Military Establishment's projected civilian employment of more than 1,250,000 were reduced by at least 150,000.

And just this morning's newspapers throughout the country carried the story that the procurement subcommittee of the House Armed Services Committee showed that two ex-convicts without money, plants, or experience, got four defense contracts amounting to $3,300,000 through "the haphazard, naive, and negligent actions of the Armed Forces procurement officers."

This is the background against which the merits of H. R. 4473 must be judged, and it should be understood by the Congress that there will be a surplus of approximately $4,000,000,000 for this fiscal year ending in just a few days, and that the net receipts from taxes under existing law will be $61,000,000,000 in the fiscal year 1952. This is over $15,000,000,000 more than it was ever thought advisable to raise through taxation during World War II.

In brief, Mr. Chairman, the issue before the Congress is whether, before imposing another $7,000,000,000 of new taxes, President Truman and this Congress should not be made to account to the people of the country as to why there has not been a corresponding reduction in nonessential Government spending. Such a reduction could be made.

H. R. 4473 is not only excessive taxation without justification, but it is economically unsound in its major revenue-raising provisions. It will increase, rather than decrease, inflation. It will not balance the Truman budget for the fiscal year 1952.

The 12½ percent flat increase in individual tax liability not only imposes an unfair burden on the lower-income groups but amounts to almost confiscation in the upper and middle group taxpayers by increasing sharply the already steeply graduated rates. The effect of the flat 12½ percent increase is to make the marginal rate of tax and the dollar amount of the tax burden on many taxpayers even higher than during World War II. This is particularly true of all single persons who do not qualify for the special head-of-the-household exemption and married couples in community-property States. In these cases, the marginal rate will become higher than it was during World War II on all surtax net income over $4,000.

Everyone knows that high progressive rates have no deflationary effect, because the tax comes out of dollars that would normally be saved or used for investment in our productive forces and not dollars which would be spent for consumer goods.

The effect of increasing the corporate rate from 38 to 52 percent within the past year, as is provided for in H. R. 4473, will be to increase the cost of living to all our consumers. The people in my district know that business taxes are just like any other cost of doing business, and in the end it is the consumer who pays every time.

Not only is the regular corporate rate, provided for in H. R. 4473, too high, but the Democratic members of the Committee on Ways and Means have seen fit to tax 25 percent of normal earnings at the 82 percent combined excess profits tax rate. This is, of course, grossly unfair to all the small business in my district which are not sharing in defense contract work. And this arbitrary extension of the war profits tax to one-fourth of normal earnings makes a farce of the excess-profits-tax law. The earnings of many companies during the 1946–49 base period were less than "normal," and yet H. R. 4473 will make the 82 percent tax rate apply to one-fourth of even subnormal earnings.

Moreover, I already have in my files many examples of the severe inequities arising as the result of the statutory relief provisions under the excess-profits-tax law. For companies which do not qualify for relief, the only salvation has been the fact that, under present law, the Government cannot take more than 62 cents out of every dollar they earn. But H. R. 4473 raises the ceiling to 70 percent, which means that some companies in my district might just as well close their plants and hope that their employees can find other employment.

H. R. 4473 contains several adjustments in the excise-tax field which have long been recommended by the Republicans, but at the same time it arbitrarily imposes excise taxes on certain new selective items even though the producers of these products did not appear during the public hearings.

Another serious defect in H. R. 4473 is the new 20-percent withholding provision against taxpayers who have no tax liability, but who have a little income from stocks and corporate bonds. No justification can be made for this unjust enrichment to the Federal Government at the expense of the lower income groups who owe no taxes.

Mr. Chairman, a true pay-as-we-go program—and the only program which will halt inflation and balance the budget—calls first for a reduction of Government spending; and, secondly, for the imposition of new taxes only to the extent that they are necessary to pay for national defense and the essential operations of the Federal Government. H. R. 4473 does not, however, follow this policy. The amount of new taxes imposed by it on the people is excessive, and the method of imposing these taxes is unsound.

Mr. REED of New York. Mr. Chairman, I yield 25 minutes to the gentleman from New Jersey [Mr. KEAN].

Mr. KEAN. Mr. Chairman, the Ways and Means Committee has labored for 5 months and now we are bringing to you not a mouse but a monstrosity. But here it is and the question is—should a conscientious Member vote for or against this bill?

Just as long as this administration continues its excessive spending, we will be faced with excessive taxation. The wages of the sin of continued waste and extravagance may be the death of our American way of life.

Last January the President came before us predicting a $2,000,000,000 deficit for this present fiscal year. Now we find he only guessed $5,000,000,000 wrong and that there will be a budget surplus of three billions and a cash surplus of about seven billions.

Last February the President at the White House told the members of the Ways and Means Committee we would need sixteen billions in new taxes to pay as you go for the coming fiscal year.

In April Secretary Snyder said that ten billions would be enough.

Now, our Joint Committee staff estimates a deficit for the coming fiscal year, based on present taxes, of about eleven billions. But in this estimate they figure expenditures as proposed in the President's budget and take no account of any possible savings by the Congress. I think it is fair to assume that even this Democratic Congress will see the light sufficiently to reduce expenditures by three to four billions.

So that based on a full year's result of the proposed new tax take of a little over seven billions, the budget would be approximately balanced.

Many have argued that the chief necessity for the present tax bill is to prevent inflation. That in order to do this,

the Treasury's income must meet the outgo.

However, if this bill passes the House tomorrow it will not immediately become law. The Senate in its dignity will take its time in considering the provisions which we have included therein. So it is evident that many of the taxes which we have enacted will not go into effect until the autumn, and taxes on this year's corporation earnings will not all be paid in fiscal 1952. Almost $2,000,000,000 of the proposed revenue will not be available in the coming fiscal year. So even if we pass this bill, the conventional budget for fiscal 1952 will not be balanced. However, the cash budget—which is what counts in the battle against inflation—will show a substantial surplus of two billions.

If we do not pass the bill, there will be a deficit in the coming fiscal year of some seven billions, and an inflationary cash deficit of some three billions.

Now unfortunately each of us can only register one vote against the waste and extravagance of this administration. We cannot cut expenditures as we feel they should be cut. Therefore, we are faced with a condition—not a theory—that owing to excessive spending we will have a sizable deficit if we do not enact this legislation. Is it better to pass a bad bill, than no bill at all?

Let us look at what is in it. The President asked for a balanced bill: approximately one-third of the revenue from each of three sources—corporation taxes, personal income taxes, and excise taxes. One purpose was to cut down the spending power of those who are bringing about the inflation.

Secretary Snyder suggested that the excess profits tax be forgotten until next autumn when we could see from the returns how it was working out.

No one has ever proved that increasing corporation taxes was not inflationary, but though the committee cut the President's request for taxes by about three billions, it almost granted in full the most inflationary part of his request—additional taxes on corporations.

Corporations have always been a fair target. Few remember that most corporations consist merely of a large aggregation of small stockholders with moderate incomes. And the very large earnings in the past year certainly make them more of a target than ever.

The Treasury had recommended that the corporation tax be increased to 55 per cent. This was not agreed upon, but in truth through devious methods the tax on the corporation which is not earning any more than it did in the base period has been increased even to a greater extent than recommended by the Treasury.

Through the device of lowering the base for excess-profits tax from 85 to 75 per cent of 1946–49 earnings, a heavy tax has been levied on what are really the normal earnings of corporations, under guise of the excess-profits tax.

In fact the tax on normal corporation income was raised to 59½ per cent, 52 per cent on 75 per cent of their earnings, 82 per cent on the remaining 25 per cent. And the same Democrats who would not vote to raise the normal tax to 55 per cent in an open and aboveboard manner, voted for this.

It is evident that they did not know any more what they were doing than when they voted on the individual income-tax schedule to tax every dollar earned over $100,000 more than a dollar. This boner was called to their attention in committee and they later corrected it.

A 59½ per cent tax on normal earnings is highly inflationary. Taxes are a cost of doing business and inevitably most of this tax will be passed on to the consumer in higher prices. The supporters of those whose demagogic leaders are the chief advocates of such taxation will be those who will suffer most through the resulting higher cost of living.

Then we have the excess-profits tax. Contrary to all the experiences in World War II; contrary to the testimony of those who lived through this period; the tax now goes to 82 per cent. This leaves 18 per cent for a company to keep, while Uncle Sam takes the rest.

Does anyone think for a minute that corporation executives are going to worry about wasting this 18-cent dollar? Inevitably, we will again be faced with an era of excessive expense accounts, excessive salaries, spending where it is not needed; and, of course, almost complete lack of resistance to requests for higher pay. For if it only costs the company 18 cents a day to raise an employee's pay by a dollar a day, and this might prevent a strike, certainly there will be little resistance to demands however excessive.

Of course, the employee thinks he is winning, but as everybody does the same thing prices rise, so he gains nothing in the end. And those living on pensions or fixed income are the chief sufferers. These corporate tax provisions of the bill are highly inflationary and unwise.

Now let us consider the personal income tax. The estimated take of two billion eight hundred and forty-seven million is only a little less than that which the Treasury requested. I believe that more consideration should have been given to the lowest income group who with the present high cost of living find it extremely difficult to obtain the bare necessities of life.

I believe that consideration should have been given to splitting the lowest income bracket, as I have long advocated. Certainly the average American family—a married men with two children—with an income of $2,900—is economically worlds apart from a like-sized family with an income of say $4,600. Why should they be taxed at the same rate?

The bill is harsh on the lower income group, but it is cold murder on the few in the high income brackets. This certainly is a soak-the-rich bill with a vengeance.

Of course no one is particularly sorry for those with $100,000 incomes. They will always have enough to eat. They will get along some way. But the revenue is so small in this sadistic taxation of the few who have by luck or ability managed to achieve these large incomes that I am not sure whether it is jealousy, an inferiority complex, or what, which impels my Democratic friends to ask for that last pound of flesh.

Is it wise to further reduce the take-home pay of an already highly taxed man in the upper income bracket by 24 per cent as we do in this bill? I doubt it.

What incentive is there for the wealthy man to use his capital in a productive way, in a way which will make more jobs and add to the Nation's wealth, when for every dollar he makes over $80,000 he is only allowed to keep 5½ cents?

Is there any incentive for a man of ability to use that last ounce of knowledge to help in the defense effort? Will he not throw up his hands, say, "What is the use," and spend his time lolling in the sands of Florida instead of working.

It is the American's temperament to work and to make use of the talents which God has given him, but his patience is wearing thin.

Some figures are interesting. If a large corporation should decide that it wants to give its chief executive $40,000 in take-home pay—not an unreasonable sum—it would have to pay him $369,656. If it wanted to give him $50,000 in take-home pay, it would have to pay him $500,000. And if some corporation ever had been so foolish as to contract to give him $100,000 take-home pay, it would, under the bill, have to pay him $1,000,000.

There is one very serious implication resulting from these confiscatory taxes which I think this Congress should ponder very carefully—for it is all important.

Our system of taxation is a voluntary one. Outside of those subject to the withholding tax—and withholding only applies to the tax in the lowest bracket—every American voluntarily makes a return of what he owes his Government. It is true that many of these returns are audited—occasionally in the lower brackets, and annually in the higher brackets. However, in general, what he reports as his income is the taxpayer's own responsibility.

The fact that Americans have paid their taxes in the past so fully has been a source of wonder to some foreigners, as in many nations of Europe people just do not expect to pay what they owe. So much a source of wonderment that commissions have been sent from European countries to learn why the American people pay.

So far we have had comparatively little dishonesty. But a man who is clever enough to make $100,000 usually is clever enough to find ways to avoid paying the full taxes imposed by the Government if he feels these taxes are unfair. You remember the lack of compliance under prohibition, a law which was felt by many people to be unfair.

I believe it is possible we have reached the point where individuals who find that they are only allowed to keep 5½ cents of a dollar earned may believe they are being treated unfairly and may do everything in their power to avoid paying these taxes.

There is danger that the entire enforcement of our tax laws may be due for a breakdown if we continue to increase these excessively high rates, and

that failure to pay taxes may, in the future, be no longer considered a heinous crime but something which anybody, if not a fool, should do.

Warning signs that this may occur are in sight. Treasury officials from day to day brought to the committee's attention new methods of tax avoidance which are being tried. New methods by which what is really ordinary income has been transferred to capital gains.

Though we keep trying to plug these loopholes, half a dozen are discovered for every one we plug. The device of using an expense account to deduct what are in truth personal expenses has become more and more prevalent, and this is most difficult to police.

The Committee itself has recognized the hardships that certain of these taxes bring, and themselves have added such palliatives as percentage depletion to more and more industries who suffer from too high corporation taxes. We have given relief to venture capital corporations. We have given capital gain treatment to coal royalties.

The real trouble, and the reason for all these attempts at avoidance is—and I say it categorically—that taxes are now too high. They are interfering, and will interfere more and more, with the continuance of the dynamic economy which we must maintain if we are to further increase the standard of living of the average man.

I think that most of the members of the Ways and Means Committee realize this, but what can we do when the Congress and the administration spend more and more, with no seeming thought of the future.

Before leaving the personal income tax, I want to discuss one portion of the bill which is good and in which I am keenly interested.

Owing to the split income provision which was forced on us, thanks to the unfair advantage held by citizens who happened to live in community property States, married people now have a tremendous tax advantage over single people.

This is partially justified as married people have more responsibilities, more expenses, and usually have to maintain a family home.

However, in the present law the moment the husband dies, a widow would find herself subject to a much higher income tax, while she often had the same responsibilities. Often the only saving caused by the husband's death is a couple of hundred dollars a year for food, a few clothes, some cigarettes, and an occasional bottle of liquor.

But the widow with children still has to keep up a decent home for them, still has to feed, clothe, and educate them, while Uncle Sam is asking for a larger share of her income than before her bereavement.

To correct this inequity, this bill includes a provision which provides that the head of a family who is unmarried may calculate her income tax on a separate table which gives her one-half of the benefits which she would have had if she had been able to file a joint return.

A head of the family is described as one maintaining a home and providing over 50 per cent of the upkeep thereof, in which he or she lives with unmarried children or grandchildren, whether they work or not; or one maintaining a home in which he or she lives with married children, parents, brother, sister, nephews or nieces, but only if these latter members of the family are not themselves earning a living, that is, if they do not have a gross income of over $500.

This provision should be of great help to many widows who find that owing to their bereavement Uncle Sam has really become Uncle Shylock in seeking the widow's mite.

Coming to the excise portion of the bill, we really could have made a noticeable dent in inflation if we had placed heavier taxes on luxuries and other things which people do not need to buy. But the committee has only levied one-third of the three billions in taxes which the administration asked for in this field.

The Treasury is largely to blame for this, for instead of asking for new taxes on items not now taxed, they requested merely increased taxes on those items already heavily burdened. Certainly their recommendations were unimaginative.

So we have before us a bill which is out of balance. A bill conceived in politics. Its major features were determined on by the Democrats in secret caucus. A bill which to some extent is inflationary rather than deflationary. A bill which on many points will injure the economy rather than help it. A bill in which large segments of those in business, such as cooperatives, still go tax-free. A bill in which there are still loopholes unplugged for industries favored by the Democratic majority.

It is a badly thought out bill, but still with the Government's heavy expenditures we do need the additional revenue which it provides if we are to pay as we go.

Mr. HALE. Mr. Chairman, will the gentleman yield?

Mr. KEAN. I yield to the gentleman from Maine.

Mr. HALE. I hear considerable argument that heavy taxes are the best weapons against inflation. It seems to be a favorite economic theory. I wonder if the gentleman would comment on that. Many of us would be much assisted if he would.

Mr. KEAN. Of course, to discuss that thoroughly you would have to go into the whole subject of what causes inflation. As the gentleman from New York [Mr. REED] said this morning, inflation is caused by too much money chasing too few goods. What causes inflation is when the people have more money to spend than there are goods available. The best way to stop that inflation is by persuading the people to save, either voluntarily or by practically forcing them to save through making it more difficult and uneconomical for them to make unessential purchases. Then after that, if you cannot persuade them to save, you have to tax, and take part of the excess spending power which they have, and that does prevent inflation, but a corporation tax does not prevent it at all. It depends where the taxes come from.

Mr. HALE. The point is, it seems to me, that the incentive to save is considerably diminished if one cannot have any expectation of deriving benefits from his savings.

Mr. KEAN. Of course.

Mr. HALE. If I felt that this bill was a powerful weapon against further inflation, I would certainly vote for it, but I am not entirely clear in my own mind on that point. I should like to say, if I may, that the gentleman has made an extremely fine speech.

Mr. KEAN. I thank the gentleman.

Mr. JENKINS. Mr. Chairman, will the gentleman yield?

Mr. KEAN. I yield to the gentleman from Ohio.

Mr. JENKINS. If this money that is taken away from the taxpayer was used judiciously, that is one thing, but if the Government takes it and spends it wildly, with the force of the Government behind it, it is more inflationary than if you leave it with the people.

Mr. KEAN. Yes, but the Government is going to spend the money anyway, unfortunately, owing to the action of this administration in recommending and the Congress in voting heavy expenditures.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. KEAN. I yield to the gentleman from New York.

Mr. REED of New York. I just want to observe that there is no cure for this question of inflation so long as you are constantly increasing the money in circulation, and it has been increasing so rapidly lately that it has been watered down; it is like watered milk, it does not have the purchasing power any more, and until the currency question is settled you never can cure this matter of inflation. And, the other answer to inflation is greater production and this bill does not make for greater production.

Mr. KEAN. That is true. Greater production is one of the best answers to inflation.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. KEAN. I yield to the gentleman from North Carolina.

Mr. DOUGHTON. I was very much interested, as I always am, in the statement made by the gentleman from New Jersey, a very able Member of this House and of our committee. He is always very attentive and very diligent in the discharge of his duties. I was very much interested in that part of his speech in which he spoke of the loss of incentive for those individuals whose tax might be in the income brackets above $80,000 for a single person, or $160,000 for a married person. He suggested that they would lose incentive and say, "What is the use," and perhaps strike against the Government, so far as further activity in their business is concerned. In view of the fact that their taxes are to be used for the support of their Government, money which is now badly needed in time of distress, I am wondering whether the first consideration of the businessman

would not be one of great patriotism, instead of the amount of tax on additional profits from his business. Surely, after he has made enough for a living for himself and his dependents he will not openly resist contributing to his Government in time of need and distress, when our very liberty is threatened and the perpetuity of our Nation is threatened. Does the gentleman not believe that he would have sufficient incentive to go ahead, even if it took every dollar, after he had received $80,000 over and above exemptions?

Mr. KEAN. I will answer the gentleman.

Mr. DOUGHTON. I have not finished my question.

Mr. KEAN. I am afraid that the chairman figures out that all Americans are as good citizens as he is. In time of all-out war, yes, the average American will work, and tear his heart out working, because he thinks it has to be won, but certainly, in a time when he does not think that there is an urgency or emergency he is not going to tear his heart out and get stomach ulcers and heart attacks working to improve his business which would result in more people being employed when he gets no return out of it at all and can only keep a nickel out of the dollar that he earns. He is going to Florida, he is going to leave. The gentleman knows perfectly well that a lot of doctors right today who are not in perhaps as high an income-tax bracket as that, but who may be able to keep 10 or 20 cents, will work until about the 1st of October, and then they will say, "What is the use of my working any longer?" and then they go south for the rest of the winter.

Mr. DOUGHTON. If they have no higher consideration than that of profit and loss, if the motive of patriotism does not influence them, then the position of the gentleman is sound. But I do not concede that the average American businessman is going to sit down and let his business stand idle and depreciate by neglect. I do not believe he will do that. I believe he will go on and make every dollar he can, even if every cent of it is taken in taxes for the defense of this country. That is the opinion I have, and I think it is the view of the American businessman. There may be some who place their motive entirely on the basis of profit and loss, but I do not believe that is the viewpoint of the greater percentage of the American people.

Mr. KEAN. I wish I were as optimistic as the chairman is.

Mr. REED of New York. Mr. Chairman, I ask unanimous consent that the gentleman from Illinois [Mr. MASON] be permitted to extend his remarks at this point on this subject.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MASON. Mr. Chairman, I have already fully expressed my disapproval of this tax bill. It is a monstrosity, based not upon economic needs and principles, but upon the pressures of selfish groups and even more so upon what is generally known as political expediency. I have seen only condemnation of the bill by reputable newspaper editorial writers and by competent economic analysts. My previous statement that this tax bill would result in incalculable damage to our economy has been given widespread approbation.

Having already discussed the sins of commission which are present in the bill now before us, Mr. Chairman, I wish at this time to add a few thoughts on the sins of omission which are in some ways even more flagrant. I shall be brief.

Here, Mr. Chairman, is a bill that proposes to increase the income tax on the earnings of regular corporations to 52 percent—but still will permit certain competing corporations to escape without the payment of a penny of Federal tax.

Here is a bill that proposes to increase the excess profits tax on some corporations to the confiscatory figure of 70 percent—but says not a word about the earnings of huge cooperative corporations, bidding for the same kinds of business and making identical excess profits.

Here is a bill that taxes our commercial financial institutions on the profits they make—and at the very same time gives full approval to the complete tax exemption of a third banking system, made up of building and loan, savings and loan and such associations, that has grown to a position of tremendous assets and power on its very failure to pay taxes.

Here is a bill that increases by 12½ percent the tax paid by the individual proprietor on every dime of earnings from his business—and still gives official sanction to the tax freedom of the competing cooperative store directly across the street.

Here is a bill that soaks the workingman, the clerk, the stenographer, the farmer—and yet gives majority approval to the development of monopoly by the sinister route of tax freedom. And, Mr. Chairman, if you question that statement about tax-free monopoly I direct your attention to the arrogant tax-dodging cooperative that has so vicious a stranglehold on milk for babies in the city of Washington.

Here, Mr. Chairman, is a bill that levies heavy increases in the excise taxes on many items in common use by all our people—but it does not even attempt to adjust the inequality of taxation that exists between stock fire and casualty insurance companies and mutual fire and casualty insurance companies.

Here is a bill that actually and ridiculously exempts from present taxation—at a cost of some $16,000,000—the tiny tax that heretofore has been collected on tickets of admission to cooperative theaters and the like.

And here is a bill that provides a withholding tax of 20 percent on the dividends of regular corporations, but gives special exemption from even this simple tax to cooperatives, savings and loan associations, mutual savings banks, favorites of the committee's majority.

Mr. Chairman, these omissions are costing the Treasury—and indirectly every corporate and individual taxpayer—about $1,000,000,000 a year of brand new revenue that might and should be collected.

And this favoritism toward cooperatives, mutuals, savings and loan associations and other business tax-exempts that has been written into this bill as a continuation of past fiscal errors is the more remarkable because the administration itself—the President and his spokesman the Secretary of the Treasury—specifically demanded that these loopholes in the tax laws be closed.

It is even more difficult to understand these flagrant sins of omission in the face of studies made for us by the tax technicians of the Treasury Department and the Joint Committee on Internal Revenue Taxation—studies that revealed a complete unanimity of opinion among these tax experts that no valid reason exists why cooperatives, savings and loan associations, mutual savings banks and the like should not be taxed fully on their earnings, and that every reason in the world exists why they should now be made to pay their taxes just like the businesses and individuals with whom they compete.

I am disappointed, Mr. Chairman—disappointed and not a little ashamed that the committee of which I am a member should have produced so inadequate and so inequitable a revenue bill. I can only hope that the Senate will lead the way toward a better bill.

Mr. DOUGHTON. Mr. Chairman, I yield 20 minutes to the gentleman from Arkansas [Mr. MILLS].

Mr. MILLS. Mr. Chairman, we have listened with interest to the speeches that have been made for and against the bill, H. R. 4473. I wish I could report to the House today that the Committee on Ways and Means, acting as the servants of the House, had found a way to maintain this highly plausible and theoretically sound fiscal policy of pay-as-we-go by increasing revenues sufficient to balance the budget in 1952, and yet that nobody would have to pay any more taxes as a result of our action. I am sure if I could assure you that the provisions of H. R. 4473 carried out such a prospect, there would be no opposition to the bill whatsoever.

The tax bill which is before the House will make a substantial contribution to the revenues which are needed to provide for our increased defense requirements.

There is almost unanimous agreement that we should finance the defense effort on a pay-as-we-go basis. Thus far our revenues have kept pace with the rise in expenditures largely because of the farsighted action of the Congress last year in enacting the Revenue Act of 1950 and the Excess Profits Tax Act. As a result of these timely actions, the Government is expected to run a surplus in the fiscal year which ends this month. This achievement, has contributed to the cessation of inflationary pressures during the past 2 months. If we are to keep our economy in balance we must keep our financial house in order. A pay-as-we-go policy is highly desirable and should be continued as long as it is possible to do so.

This bill is another installment necessary for the pay-as-we-go policy. It will

raise revenues by about $7,200,000,000 in a full year of operation and will increase collections in the fiscal year which begins July 1, 1951, by about $5,300,000,000.

Let us review, for just a moment, what the fiscal situation is, not in a sense of partisan criticism one way or the other, but let us look at the facts as we Americans most of the time try to look at governmental problems.

We realize that the budget which has been submitted by the President of $71,600,000,000 in the light of the reasoned sentiment for economy which seems to exist both here and in another body may well be reduced. In all probability that amount will be reduced. I see my good friend, the gentleman from New Jersey, of the Committee on Appropriations here. If we could be assured that this budget request which was submitted to us in January of 1951 would be the last request for expenditures in the year 1952, and that there would not be other requests for more airplanes and more tanks and all the other expenditures related to our defense program, we might feel safe in thinking in terms of trying to get enough revenue to meet expenditures of, say, $65,000,000,000, if the House and Senate can reduce the $71,000,000,000 request by $6,000,000,000, or as has been suggested by some by eight or nine billion dollars.

But I think it reasonable enough to assume that perhaps a $6,000,000,000 reduction of the $71,000,000,000 would be the most that will be accomplished, not the most that could be accomplished, but the most that is likely to be accomplished in the way of reducing that budget.

Let us look at the revenue side. We are told by the Treasury Department that they estimate receipts of around $58,000,000,000 in 1952. The staff of the Joint Committee on Internal Revenue Taxation has a higher estimate. They estimate we might well take in on the basis of existing law around $60,900,000,000. Perhaps somewhere in between those two figures would be a fair estimate of what we may take in on the basis of existing law in 1952.

If that is the case, we would be some five, six, or seven billion dollars short after having reduced the budget from $71,600,000,000 down to about $65,000,000,000.

With this deduction, I think the gentleman from New York, my very beloved friend, and one of the finest members of our committee, would agree. He is one of the most diligent and hardest-working members, and if he were not so young in spirit I know he would get as tired as some of us older members in years on the committee—but his great spirit keeps him going. He is there every day when we are working. The gentleman from New York made a speech on the floor of the House on September 22, 1950, in connection with the Revenue Act of 1950. The gentleman perhaps will recall his statement to the effect that if we were to remain on a pay-as-you-go basis, it would be necessary for us to find at least $10,000,000,000 of additional revenue. We found a part of that in the excess-profits bill subsequent to the date of the gentleman's speech. But we still are striving to find the difference that it would take to remain on a pay-as-you-go basis. There seems to be no question in our minds that if we are to pay in cash and through taxes the expenditures that we in the Congress vote for, it will be necessary for us to have some $7,000,000,000 additional for the fiscal year 1952.

Now, if that is agreed upon, then before we decide just to throw out the window the 5 months' work of the Committee on Ways and Means, we should take into account what this may involve, and what would be the probable consequences. Without any thought of injecting partisan politics into the consideration of this bill, I want to state that, on my part, I know of no secret sessions wherein policies were agreed upon by the majority members of the Committee on Ways and Means alone.

I do not know where the information came from. I will yield to any member of the committee to point out the day and the hour when Democratic members of the Ways and Means Committee got together in secret caucus and decided to write the terms of this tax bill. I know of no time when any decision was made. Yes. The Democratic members, like the Republican members, met. The Republicans meet as an entire group in a conference occasionally. We on our side meet as an entire group in a caucus occasionally. Yes; it is well for me to tell my Democratic colleagues on occasion what my thinking is about taxes. It is well for me to understand what their thinking is. But as far as any meeting ever being called for the purpose of getting the Democrats to agree on any particular provisions of this bill, I myself know of no such meeting. I did not attend it. I do not think any of the rest of them know about it.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from North Carolina.

Mr. DOUGHTON. I am sure there is a misunderstanding this assertion that all the major provisions were agreed upon in secret caucus by the Democratic Members. I as sure our Republican friends would not make a mistake of that kind intentionally. Taking into account all the time put together, when the Democrats met, and it was not more than once, but all put together it would not exceed 1 hour that the Democratic membership met during the 4 months of consideration of the bill.

Mr. MILLS. Then I will ask the chairman if there was at any time during that meeting to which he refers any effort made or any suggestion made that the Democrats stand together as Democrats on any provision?

Mr. DOUGHTON. None whatever.

Mr. MILLS. None whatsoever. Now let us pass over that criticism that the bill was written by the Democrats. I will tell you what is the truth, if you want to know it, and I am not divulging any secrets of what took place in executive session. Just about any provision in the bill that increased revenue was a Democratic provision. Just about any provision in the bill that decreased revenue—well, I will not say that. Perhaps my friends do not want to take credit for all of them.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. BYRNES of Wisconsin. I wonder if the gentleman has checked the minutes, and whether he is going to stand by that statement that every time a reduction was made the motion was made and supported by the Republican side, and the contrary was true as far as motions to increase or pick up new revenue was concerned, that those motions only came from and were supported by the Democratic side. Is that the impression the gentleman wants to create?

Mr. MILLS. No. I do not say that all the motions to reduce taxes came from the Republican side, but I would say that a majority of my Republican colleagues on the committee voted for every motion that was made, irrespective of which side made the motion, if the motion involved a loss of revenue.

Mr. BYRNES of Wisconsin. That is your recollection?

Mr. MILLS. Yes. That would be my recollection.

Mr. BYRNES of Wisconsin. Have you checked recently so that you can be sure of its accuracy?

Mr. MILLS. No; I have not. My friend from Wisconsin may have voted against all of those provisions that reduced revenue. I do not just remember how he voted, and I may be in error as to how he voted, but I think in the majority of cases my statement would be right.

Mr. JENKINS. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Ohio.

Mr. JENKINS. I would say the gentleman's statement is right in most of the cases, as far as I am concerned, because I did vote against nearly all of them.

Mr. MILLS. That is my recollection. As the gentleman knows, I voted for most of the provisions of the bill that increased the revenue.

Now, I was discussing the necessity for some $7,000,000,000 of additional revenue to make up for what might be the deficit between what we appropriate and what we would receive under existing law. In deciding on the sources to be tapped for the purposes of this the largest tax bill in our history, the Committee on Ways and Means reviewed all of present revenue sources and also considered other possibilities. Except for the new tax on gambling, the bill relies almost entirely on the present taxes to yield the additional revenue. The committee avoided reducing the individual income-tax exemptions or other regressive tax measures because it felt that higher taxes should not be levied at the expense of those who are already hard pressed by the high cost of living.

Since the chairman and others have already made a complete report on the action taken by the committee, I should like to discuss some of the major pro-

visions of the bill, including, first, the change in individual income taxes, second, the change in corporation taxes, and third, the structural revisions which were adopted to improve enforcement and to close loopholes. Other members of the committee will discuss the remaining features of House Resolution 4473 which time will not permit me to include in my remarks.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Iowa.

Mr. GROSS. Before the gentleman concludes his remarks, I wish he would give some attention to section 306 of the bill with regard to capital gains on livestock.

Mr. MILLS. Let me answer the gentleman right now. As far as I know, and I think the gentleman's colleague from Iowa [Mr. MARTIN], who was greatly interested in the provision, will tell the gentleman that this particular provision is ideally satisfactory to the livestock people of the United States. I see my friend, the gentleman from Nebraska [Mr. CURTIS]. Am I not correct in that?

Mr. CURTIS of Nebraska. I think, generally speaking, that is true.

Mr. MILLS. They did not oppose it, in other words?

Mr. CURTIS of Nebraska. No. They are for it, even though the holding time for agriculture is 12 months, while for other industry it is 6 months.

Mr. MILLS. A 6 months' holding period.

Mr. CURTIS of Nebraska. They are supporting that position.

Mr. MILLS. They would have preferred a 6 months' holding period.

Mr. GROSS. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. GROSS. That is exactly the point; why ask the farmers to hold their breeding stock for 12 months, whereas in any other matter it is a 6 months' proposition; why should there be a differential?

Mr. MILLS. Of course there should not be a differential between the farmer and anyone else in the treatment afforded tax-wise; the gentleman is right about that. But I had understood that the livestock people were very well satisfied with this provision.

Let us look, then, to the amount the bill actually raises, which is $7,000,000,000. What is there about the bill that justifies its being returned to the committee, as some of my colleagues suggest? What is there about it that is so bad? Is it what is in the bill that is bad? Or is it what we failed to incorporate in the bill?

The gentleman and I discussed one important question earlier today—why there is nothing in the bill to modify the existing tax status of cooperatives. Some 6,000 farm cooperatives are entirely exempt from taxation. The committee did not include a suggested provision taxing cooperatives because after very careful study of the entire matter and based upon the information that had come to us from members of the staff, it was found that we would only increase the revenues of the Federal Government by about $58,000,000 if we taxed the exempt farm cooperatives and imposed a withholding tax on the dividends or the refunds paid out to the farmers. So the committee decided not to go into that field in this bill and agreed not to do so by rather overwhelming vote.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. REED of New York. The gentleman is correct there; and, of course, by putting on a withholding tax it exaggerated the amount of revenue they thought the Government would get.

Mr. MILLS. That was a large part of it. Let us look then at the taxation of the individual under the bill.

INDIVIDUAL INCOME TAX

Defense of freedom is everyone's job. Everbody will have to make his contribution according to his means if our way of life continues and I am certain that everyone will want to make his contribution to the full extent of his ability. The individual income tax reaches all citizens whose income exceeds the amounts needed for covering the bare necessities of life. The individual income tax is designed to tax all citizens in accordance with their ability to pay. There can be little doubt that this tax provides an excellent framework in which all citizens can be called upon to share equitably in the cost of building the armor which will protect the liberties we cherish.

It is for this reason that we propose to raise $2,847,000,000 or 40 percent of the required increases in revenues by means of the individual income tax. The principle of the proposed rate increases is simple and easily understood by everybody. Every taxpayer will compute his tax exactly as he did before and will then add the defense tax of 12½ percent to the tax he would have had to pay without the proposed increase. The percentage increase in the tax will be the same for everybody; all income below $5,000 will carry the same share in the total tax load as they did before, and so will incomes above $5,000. In view of the high marginal rates already paid by persons in the highest income brackets it was necessary to reduce the present surtax rates for taxpayers with surtax net incomes in excess of $80,000 for the duration of the defense tax.

The new rates are intended to become effective as of September 1, 1951, so that about one-third of the rate increase will be applicable to 1951 incomes. To facilitate the computations to be made by the taxpayer on his final return, the bill proposes a flat 4-percent increase of the taxes on 1951 income which would have been paid under present law.

By increasing everybody's taxes in the same proportion a major portion of the proposed over-all increase in revenue is not only distributed equitably but also in such a way that the increase can be easily repealed when defense needs are no longer as imperative as they are today. In fact, all present law rates remain on the statute books, and the elimination of the defense tax can be accomplished quickly and simply by removing the percentage increases and the rate adjustments in the top brackets.

We have afforded the same treatment to all taxpayers, those of less than $5,000 of net income and those of more than $5,000 of net income; but in the process of doing so, as my friend from New Jersey pointed out, it materialized that in certain of the very high brackets of personal income tax we would be taking more than they made; so in order to apply the 12½-percent rule across the board we have actually in this bill reduced the surtax bracket rates for the people in those high brackets. I do not mean we have reduced their taxes; we have increased their taxes, but we have not increased them by a full 12½ percent of their tax under present surtax rates.

Is there anything basically wrong in taxing an individual by applying the same rule, the same yardstick to all incomes, to all tax liabilities? The man on the street who talks to you when you go home will want to know something about how you have increased his income tax. You can ask him: "How much tax did you owe last year?" "Oh, I paid $200 tax in 1950."

Your reply would be: "We have increased your tax by just the same percentage that we have increased the individual who owed $10,000 tax. Each one of you has had his tax bill go up by 12½ percent."

We do not take very much credit on our side for this idea. In our committee we work in a nonpartisan way. We really got the idea from a Republican motion that was made earlier in the consideration of this matter. The only reason we could not accept the Republican motion was that it provided for a 10-percent increase in the tax of individuals across the board, like the 12½ percent in the bill, but that would only bring in about $2,300,000,000. We thought we needed a little bit more revenue from individuals than that, so we proposed this 12½ percent, based upon the same reasoning as the 10 percent, and this will bring in about $2,850,000,000 or about $550,000,000 more under the 12½ percent than under the 10 percent. For the life of me, I cannot see why 12½ percent would be a monstrosity or make the bill a monstrosity, if a 10-percent increase on the same basis would make it a good bill. It is just a question of degree. Maybe we have gone too far in our 12½ percent to suit some of our friends on the committee, but, certainly, the theory of it is the same as the motion which they made. As I recall, most of them voted for it.

Mr. SIMPSON of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Pennsylvania.

Mr. SIMPSON of Pennsylvania. There were two distinctions between the proposal offered from our side for a 10-percent across-the-board increase and the 12½ percent which was finally adopted. In the first place, there is a saving under the 10 percent to the American taxpayers of the low-income group and of the higher-income groups of over $500,000,000. A large part of that is a saving to the extremely low income group

who are the people today being penalized most by these increases in taxes. For that reason, and as one of the two reasons, I say that the Republican proposal for a 10-percent across-the-board increase was a substantially better and a wiser proposal than the 12½ percent that is in the bill.

Mr. MILLS. The gentleman will agree with me it is just a question of degree?

Mr. SIMPSON of Pennsylvania. Yes.

Mr. MILLS. The only difference between what the gentleman says and what is in the bill, the 10 and 12½, is a matter of degree.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. SIMPSON of Pennsylvania. I agree or I would not have offered the motion that the principle of an across-the-board increase is fair and equitable. I disagree as to the percentage. I also said, and I want to make this very clear, in my amendment was a proviso that we follow the course of the legislation we adopted in 1941 when we imposed a war tax of 10 percent. I wanted that formula followed. It is not followed in this proposal here.

Mr. MILLS. In all fairness, I want to ask the gentleman if what he is talking about now and if what he proposed in the committee was an exact duplicate of the old victory tax?

Mr. SIMPSON of Pennsylvania. It is the old victory tax formula.

Mr. MILLS. Then this bill is less burdensome on the individuals in the first bracket under the 12½-percent provision, and I will explain why. The old victory tax at a 10 percent rate would be more severe on the low-income groups because in the case of the old victory tax, as the gentleman knows, allowance was made for only a single exemption of $624 and there was no credit for dependents.

Mr. SIMPSON of Pennsylvania. The gentleman does not want to confuse me, I know.

Mr. MILLS. I thought that is what the gentleman had in mind.

Mr. SIMPSON of Pennsylvania. I had forgotten the exact designation. This was a defense tax.

Mr. MILLS. In any event, it is just the difference between the 10 and the 12½ percent.

Mr. EBERHARTER. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Pennsylvania.

Mr. EBERHARTER. May I call attention to this fact: If the increase under the 12½ percent in a man's tax under the present law amounts to $5, the 10 percent would amount to $4, and the same thing all along the line. If the gentleman will refer to page 7 and elucidate on that a little bit I think it would help. That is the difference between a 10-percent and 12½-percent increase across the board.

Mr. MILLS. I was going to point out to the Members who are present just what the dollars-and-cents effect of this 12½-percent defense tax is at certain levels. Let us take a single person with no dependents and a net income before exemption of $1,000. Today he pays $180 in taxes, and he would pay an additional defense tax of $23, or less than 50 cents a week, under this bill. Now, for a taxpayer with a net income before exemption of $5,000 the defense tax would amount to $118, or slightly over $2 more per week. That does not seem to me to be actually an unbearable burden upon the people with incomes of $5,000 or less. Of course, it would be fine if we could find revenue and write a tax bill that did not increase their burdens at all, but it was impossible for us to do it.

The tax of a single person with no dependents with net income of $25,000 would increase from $9,796 to $11,021, or by $1,225, or $23.55 per week. At the $100,000 net-income level the weekly defense contribution would amount to about $154.

A married person with two dependents would be called to make a defense contribution only if his net income before exemptions was in excess of $2,400, since, in contrast with the victory tax of the last war, the defense tax is paid only if an individual income tax would be due also under present law. A married person with two dependents with a net income of $5,000 would pay only $65 more than under present law, or $1.25 per week. At the $25,000 net-income level the defense contribution would amount $784, or about $15 a week, and the tax of a married person with two dependents with net income before exemptions of $100,000 would see his liability increased from $51,912 to $58,401, or by $125 per week.

Mr. SIMPSON of Pennsylvania. I am sure the gentleman knows that there are many individuals in the country that are living up to their budget limits today.

Mr. MILLS. That is true.

Mr. SIMPSON of Pennsylvania. Fifty cents or $1 a week may mean the difference between necessaries and lack of necessaries.

Mr. MILLS. That is true.

Mr. SIMPSON of Pennsylvania. So to that individual and from his standpoint, there is a substantial difference between 10 percent and 12½ percent.

Mr. MILLS. Well, there is bound to be some difference or there would not be a difference of $550,000,000 in the amount of revenue to be received. But, to my theory, either the gentleman's motion of 10 percent or the motion which the committee finally agreed to of 12½ percent is a fair and equitable way to increase the tax burdens. Everybody has had his tax increased by the same percentage.

CAPITAL GAINS

In line with the increases in ordinary income-tax rates, House bill 4473 provides for a 12½-percent increase in the ceiling rate on long-term capital gains. Under present law, gains from the sale or exchange of capital assets held for more than 6 months are never taxed at a rate higher than 25 percent of their face amount. This rate will be increased to 28.125 percent. In judging this increase in the ceiling rate on long-term capital gains, it should not be forgotten that the Revenue Act of 1950, which provided for the first round of increases in the individual income-tax rates, did not raise the ceiling rate on long-term capital gains. While before Korea the alternative tax effective rate was 50 percent higher than the starting rate of 16.6 percent of the individual income tax, it would be only 11 percent higher than the starting rate of 22.5 percent under the committee bill. As the alternative rate benefits particularly taxpayers in the higher income brackets, the committee felt that at least part of the pre-Korean differential between the ordinary starting rate and the alternative tax rate should be restored. This would be accomplished by raising the alternative rate by the same 12½ percent by which all individual income tax rates are being raised.

TAX ADJUSTMENT FOR HEAD OF A HOUSEHOLD

The uniform percentage increase in income tax represented by the defense tax increases the differences in the tax liability of single persons and of married persons caused by the fact that married persons are allowed to split their income before computing their tax. A single person with one dependent with net income of $25,000 pays under present law $2,718 more tax than a married couple with no dependents. After passage of House bill 4473, the difference would be increased to $3,057 or 12½ percent since both rates would be increased by the same percentage. The differential in liabilities between single persons and married persons works considerable hardship particularly in cases in which a taxpayer loses his or her spouse. The obligations to provide for the children and to maintain the home remain the same although the means to do so are often drastically curtailed.

There are various ways by which the inequalities of the present tax structure between single and married persons could be reduced. The method provided in House bill 4473 would extend half the benefits of income splitting to single persons with family responsibilities. This measure would actually reduce the present tax liabilities of a considerable number of taxpayers and lose an estimated $56,000,000 of revenue, but I believe it is a revenue loss which we are compelled to accept in the interest of equity.

The following are the tax advantages to be gained by a taxpayer who qualifies as head of household. A single person with one dependent not eligible for the head of household status with net income of $25,000 would pay $10,622 or $1,530 more than a head of household with one dependent whose liability would amount to $9,092 and at higher income levels the difference would be even larger. Because the tax advantages are important, it is imperative to limit the abuse for purposes of tax evasion of this measure. Only persons who are not married and who maintain in their household one of their children or descendents or any other persons recognized as dependents under present law are eligible for the head of household status, provided that during the taxable year they actually furnish more than half the maintenance costs of the household.

Mr. JONES of Missouri. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Missouri.

Mr. JONES of Missouri. There is one thing that I would like to ask that is bothering me in this bill. I am for the increase in the income tax as the gentleman has explained so well, but one thing I would like to have explained to me, and that is why the committee, in considering excise taxes, increased excise taxes on automobiles and on trucks and other forms of transportation, and I understand the committee did consider a tax on yachts and other luxury boats. Can the gentleman explain to me why that tax was not imposed?

Mr. MILLS. On yachts and boats?

Mr. JONES of Missouri. Yes; yachts and luxury boats.

Mr. MILLS. My recollection as to what we did on this subject escapes me but I will yield to my friend from Pennsylvania if he has the answer as to what the committee did.

Mr. EBERHARTER. There was a proposal to limit the amount claimed as a loss on an enterprise operated as a hobby and not primarily for profit.

Mr. MILLS. It is a question whether it is a business expense or personal expense, and if it is a personal expense it was not deductible.

Mr. EBERHARTER. That is right.

Mr. JONES of Missouri. In other words, if I would purchase a luxury yacht I would not pay any excise tax on it.

Mr. EBERHARTER. I thought the gentleman was speaking of hobby losses.

Mr. JONES of Missouri. No; I am talking about a boat. In other words, some people like to travel by automobile, some like to have a pleasure car, and some people down on the river, on the Potomac, would like to have a yacht or something like that. I think that is a luxury. Would that come under the excise tax?

Mr. MILLS. There is no excise tax on the yacht to which the gentleman refers. There is no excise tax on an airplane that anybody may fly, if he owns and operates an airplane. So far as I know, there is no tax.

Mr. JONES of Missouri. In other words, I was asking if the committee considered that.

Mr. MILLS. Such a proposal was considered, but it was contended that there would be administrative difficulties in determining whether a boat is designed for pleasure or for commercial purposes. I think as far as the tax on automobiles is concerned, that the committee was quite favorably impressed by the argument made by the automobile manufacturers, the dealers, and so forth, that an increase from 7 percent to 20 percent on automobiles would be too much of a burden to impose upon the consumer. Actually, we have raised the tax on passenger cars from 7 to 10 percent. I think everybody on the committee would agree with me that the increase was arrived at in a spirit of compromise. It was a three-point raise. The Treasury had recommended a raise from 7 to 20 percent, a 13-point increase.

Mr. JONES of Missouri. I think you were wise in not going further.

Mr. MILLS. I thought the automobile people would generally be satisfied with the treatment the committee accorded them.

Mrs. CHURCH. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentlewoman from Illinois.

Mrs. CHURCH. I apologize to the gentleman for breaking into his good discussion of another part of the bill, but since excise taxes have been mentioned, I simply could not wait to ask what kind of thinking lay back of the invasion of the American home by putting an excise tax on what is now almost a necessity, certainly the dream of every woman, a washing machine, an electric drier, a mangle. At a time when our women are seeking more time to go into defense plants, you have put more burdens on their hands. I cannot understand why such a wise committee would invade the American home in this fashion.

Mr. MILLS. I had not intended to discuss the excise taxes at all. In our list of electric appliances that are not now being taxed, I know we came to the electric sewing machine. One of the ladies who appeared as a witness before our committee convinced the committee completely that there should be no tax on sewing machines. It is my recollection that the committee declined to impose a tax on washing machines.

Mr. COOPER. The gentleman is correct on that. There is no tax on washing machines.

Mrs. CHURCH. But on the electric drier and the electric mangle there is a new excise tax, is there not, according to page 139?

Mr. MILLS. The majority of the committee decided that the tax could be justly imposed upon a mangle and upon this electric drying machine, since a tax was already imposed on electric flatirons. I presume they are all necessities, as far as that is concerned. I would have the gentlewoman realize completely that we are not just taxing those things today that are luxuries. We are taxing many things that are actually essential. I think an automobile has become a most essential item to most families in the United States. Yet we tax it.

Mrs. CHURCH. I would assure the gentleman I am perfectly sure that the American housewife would make every sacrifice. However, I think it is going to be rather hard to explain to her why there is no tax on a yacht, if you are sending her back to her own iron and the kitchen sink.

Mr. MILLS. Those of us on the committee have actually had no experience with yachts. Most of us come from areas where they do not have yachts. We are just not accustomed to them. We do not think in terms of them.

Mr. ARMSTRONG. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Missouri.

Mr. ARMSTRONG. May I ask the gentleman, who is making a very lucid explanation of the income-tax provisions, if I am interpreting the report correctly on page 12. I note that the total amount this bill would raise in income taxes is $2,847,000,000, in round figures.

Mr. MILLS. That is in a full year of operation, may I say to the gentleman.

Mr. ARMSTRONG. Of that amount, from those receiving incomes of $1,000 to $5,000, the increase would be $1,081,000,000.

Mr. MILLS. That is right.

Mr. ARMSTRONG. That tax would be taken from 35,860,000 taxpayers.

Mr. MILLS. The gentleman is correct.

Mr. ARMSTRONG. That is about 75 percent or more, and perhaps in the gentleman's district and in mine in the neighboring State of Missouri it would run higher than 80 percent. I am wondering if the gentleman would have us believe that it would be impossible to save $1,081,000,000 out of this present budget and thus relieve that high percentage of taxpayers of this increase?

Mr. MILLS. That is not the position of the gentleman who is addressing the committee at all. I tried to point out in the beginning that if we save as much as $6,000,000,000 out of the $71,000,000,000 budget submitted by the President in January of this year it is still necessary to have some $5,000,000,000 to $7,000,000,000 of additional revenue.

So if we take that out it will be necessary for us perhaps to reduce the budget by seven or eight billion dollars. I am not certain as to the figure, but at least $7,000,000,000, I would say, under the budget.

Mr. ARMSTRONG. Certainly the gentleman must be aware, as well as all the other Members of this body and the Members of the other body who make up this Congress, since this session of Congress began, and I would mention specifically the senior Senator from Virginia has pointed out how we could save $7,500,000,000 to use the Senator's figures exactly, which would be more than the amount asked for in this total bill.

Mr. MILLS. The gentleman from Missouri understands I am not talking in terms of what the Congress could do. I am talking in terms of what the Congress probably will do and I said I thought that the most we could reasonably hope to reduce the President's budget of $71,600,000,000 would be around $6,000,000,000. The most we can hope to reduce it, that is. If we do that—and I would be surprised if we should—I think that is the most we can expect. If we do that, we still are short for the fiscal year 1952 by about the amount represented in this bill, or something a little bit under that.

Mr. ARMSTRONG. I hope the gentleman will allow me the observation that back home the taxpayers are wondering when we are going to come up with a suggestion that should have come up before this bill was presented to us.

Mr. MILLS. I do not suppose the gentleman's people are any different from mine. So far as I know, there is no man in my district—no taxpayer in my district—who does not want the Congress to do all that it can and do all within its power, without regard to politics or anything else, to cut out wherever anything can be cut out in this budget. But I think they realize that,

even if you reduce the budget six or seven billions of dollars, you would not be on a pay-as-you-go basis without some increase in taxes. That is the position that I take, and I was referring earlier to a speech which my distinguished friend, the gentleman from New York, made on the floor of the House on September 22, 1950, when he said he thought it would require around $10,000,000,000, and the gentleman seems to have been about right.

Mr. REED of New York. That is where we are now.

Mr. MILLS. Exactly. I am just saying the gentleman appears to be about correct in his prediction.

Mr. McCORMACK. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. McCORMACK. Will the gentleman state what percentage of appropriations is connected with past wars or preparation for possible wars in the future?

Mr. MILLS. I believe it is 83 percent of the entire Federal budget.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield.

Mr. REED of New York. I said it would require $10,000,000,000, and we have raised it $10,000,000,000.

Mr. MILLS. In this bill, and by the excess-profits tax, yes, and we appear to be over about a billion dollars.

Mr. REED of New York. So I was correct about it.

Mr. MILLS. Yes, sir. You said after the Revenue Act of 1950, we might still need $10,000,000,000. Subsequent to that time we raised $3,900,000,000 from excess profits. Now we are proposing about $7,200,000,000 here, which would make a little bit more than what the gentleman predicted. Let us look to see whether or not the provisions increasing taxes on corporations makes this bill a monstrosity, as has been charged by my good friends.

I want to say a word or two with respect to the changes in taxes on corporation and to the structural revisions in the tax laws made by the bill.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. COOPER. Mr. Chairman, I yield five additional minutes to the gentleman.

Mr. MILLS. Mr. Chairman, may I be advised when I have used 2 minutes, because I am going to quit shortly.

CORPORATION TAX INCREASE

Mr. Chairman, what have we done with corporations? The bill properly allocates a fair share of the increased revenues to corporations. Of the total yield of $7,200,000,000, the net increase in corporation income and excess-profits taxes will account for $2,900,000,000. As a result of these changes, corporations will still be contributing proportionately less to total tax collections than they did at the World War II peak. During the years 1942 through 1945 corporation taxes averaged about 38 percent of total revenues; even after giving effect to the present bill, corporations will contribute only about 33 percent of total tax collections.

I feel that the extraordinary increase in corporation profits resulting from defense expenditures should enable them to bear a major share of the increased demands for revenue without imposing any hardships. Corporation profits for 1951 are estimated by the Joint Committee on Internal Revenue Taxation at $48,000,000,000 and may even exceed this amount. This represents an increase of more than 50 percent over the average postwar profits of $31,300,000,000 and is greatly in excess of the previous record level of $41,000,000,000 chalked up for 1950.

Of the estimated increase in revenue of $2,900,000,000 from corporations, about $2,100,000,000 will come from the increase in the corporation rate of 5 percent. This increase will be applied to the normal tax rate and will thereby raise the maximum amount of revenue. Because of the surtax exemption of $25,000 the corporation income tax rate will continue to favor small business. Under the new rate schedule corporations earning $25,000 will be taxed at an effective rate of 30 percent compared with a rate of 41 percent on a corporation with an income of $50,000 and a maximum rate of 52 percent which will not be reached until incomes are well over $1,000,000.

Rather than raise the entire amount of higher taxes on corporations from the income tax, the bill allocates an important part to adjustments in the excess profits tax. This will be accomplished by reducing the excess-profits credit from 85 percent to 75 percent of average base period earnings as originally proposed by the Treasury Department. This is equivalent to a rate increase of 3 percent for most corporations but will not affect those whose current earnings are less than 75 percent of their base period profits.

The committee considered the possibility of applying the full increase to the income tax rates. However, it was felt that this would not be desirable since it would bear too heavily on those corporations with substantial reductions in profits. While the profit situation is such that relatively few corporations now earn as little as 75 percent of their base period profits, some may be in this situation either because of raw-material shortages or because of difficulties incident to conversion to defense production. Reliance on reduction in the excess-profits credit from 85 percent to 75 percent for part of the revenue increase from corporations thus relieves those corporations which are now suffering hardships from part of the additional tax load. It was considered desirable nonetheless to increase the normal tax rate on all corporations because we are asking everybody to make an additional contribution for defense whether or not their incomes have risen.

Another reason for reducing the excess-profits credit to include only 75 percent of base-period earnings is that it gives fuller recognition to the fact that base-period earnings were very high due to the postwar inflation of profits. Despite the fact that the present law provides a credit of only 85 percent, it is clear from corporation reports that the excess-profits credits for many are highly generous. In the aggregate, profits in the three best years out of the four in the base period averaged $30,600,000,000; 85 percent of this amounts to $26,000,000,000. This is higher than the profits before taxes in any of the war years. It is well to note that these figures understate the total of all the credits available to all corporations, since the best 3 out of 4 years for each individual corporation does not necessarily correspond to the best three out of four for the aggregates.

Finally, a reduction in the excess-profits credit is justified because the Excess Profits Tax Act, as finally enacted contains numerous relief provisions which were not originally in the House bill. The committee will reexamine these provisions as soon as data become available. However, it is clear that they reduce the revenues which the House expected to collect from the excess-profits tax. The reduction in the credit to 75 percent does not alter the relief provisions, but obtains more revenue from all base-period-earnings corporations. If the relief provisions are justified the distribution of the increased burden resulting from the reduction in the credit is also justified.

In order to make these rate increases fully effective a corresponding increase of 8 percentage points was made in the maximum-ceiling rate, thereby raising the present effective ceiling from 62 percent to 70 percent. The necessity of this corresponding change in ceiling rate should be apparent. If the present ceiling rate of 62 percent were not increased, corporations now subject to the maximum rate would fail to pay any of the rate increases incorporated in the present bill. This adjustment in ceiling rate is therefore necessary to realize the full revenue effect of the proposed rate increases.

One of the results of the revised ceiling rate is to raise the level of income at which the rate limitation becomes effective. Under the present law corporations in general become subject to the ceiling rate when current income is 170 percent of base-period earnings. Under the proposed change the ceiling becomes operative at about 187.5 percent of base-period earnings. As a result, excess profits will be more effectively taxed than under present law. They will, nevertheless, be taxed less than during World War II. In 1942, for example, the ceiling rate was reached at a level of profits five times the prewar average. Between 1943 and 1945 the comparable level was three and two-thirds times the prewar level. It should also be noted that the maximum effective tax rate payable by corporations between 1943 and 1945 was 75.8 percent, compared with the newly proposed ceiling rate of 70 percent.

Despite the high level to which corporation rates have been raised, corporations with defense contracts may be able to realize the greatest profits in their history after payment of these taxes. This is because profits of many defense industries will rise many times their pre-Korean levels and also because of the advantages of accelerated depreciation

on new plant equipment. It is only fair to require corporations to make a substantial contribution to the revenues under such circumstances.

The bill also increases the capital-gains rate for corporation by 12½ percent, as in the case of individuals. This will raise revenues by an estimated $38,000,000.

After the payment of all taxes being imposed under the provisions of existing law and by this bill, corporations will have more than twice as much left to them on which to operate than they had in any year during World War II.

Oh, the charge has been made by some that this tax bill socializes American business because of the imposition of these additional taxes. I would admit, as readily as anyone, that you have the highest incentive when you have no tax burden. Of course, as you increase taxes you reduce some of the incentive on the part of the individual, and on the part of corporate business, to make profits. But we are faced with the practical situation—how much additional tax can business stand and not be injured as a result of the tax? And how little can we raise without injury to the country?

I feel as sincerely as anyone could possibly feel that business can take this additional tax and yet be left with more profits after taxes than it ever had in World War II. It can still continue to produce and still continue to supply America with those things which are needed both here and on the Korean front.

As we distribute these burdens of taxation, I am sure that those friends of mine in American business would not have us completely overlook their capacity, ability, and desire to pay taxes in the upkeep of the Federal Government.

STRUCTURAL REVISIONS

As in the case of the Revenue Act of 1950, the committee has continued its efforts to improve compliance and enforcement of the income-tax laws and to close loopholes. The technical provisions of the tax laws are numerous and the job of closing loopholes is necessarily a slow one. Nevertheless, I believe that the changes made last year and those that are contained in this bill represent real progress in this area. I should like to call attention specifically to the following provisions: the extension of withholding to dividends, corporate bond interest, and royalties, the denial of multiple surtax exemptions and excess-profits credits to members of a controlled group of corporations, the elimination of the two for one offset of short-term loss against long-term gain, and a number of other technical amendments designed to prevent the conversion of ordinary income into capital gains.

WITHHOLDING ON DIVIDENDS, INTEREST, AND ROYALTIES

In his statement before the committee on February 5, 1951, the Secretary of the Treasury suggested that the possibility of extending withholding to dividends and interest be explored. He pointed out that "to obtain maximum compliance requires more than improvement in auditing procedures. A tax system which reaches the great majority of income recipients must employ mass enforcement methods which are as nearly automatic in their application as possible." The extension of withholding under H. R. 4473 will be a substantial contribution in this direction. It is estimated that the amount of revenue which will be recovered by this provision will be $323,000,000 in a full year.

As Members of the House will recall, the House adopted a provision last year which was designed to withhold at a 10-percent rate on dividends only. Under the plan corporations would have been required to report the amount of taxes withheld to the stockholders at least once a year. Although corporations would have been allowed to report this information to their stockholders in any manner suited to their convenience rather than on a prescribed form, this provision was considered too burdensome for corporations. In addition, it was pointed out that the plan would involve collection of tax from tax-exempt corporations and would thus, in effect, deny them the use of funds which properly belong to them. For these reasons, the provision was eliminated from the Revenue Act of 1950 by the conferees.

The plan incorporated in this year's Ways and Means Committee bill provides for withholding at a 20-percent rate on dividends, corporate bond interest, and also on royalties. Interest on savings accounts and on United States Government bonds are not subject to the new withholding sytem. The mechanics of the system have been worked out to keep to a minimum the burden of compliance on the part of those paying interest and dividends. The major improvement is that in the case of dividends and interest, the withholding agent will not be required to keep records of the amounts of tax withheld from each individual or to submit any statement to the individual at the end of the year. In practice, withholding agents will not be required to do any more paper work than they do today in connection with their usual bookkeeping practices, except to remit the amounts withheld quarterly to the Collector of Internal Revenue.

To account for the proper amount of dividends and interest on his tax return, the taxpayer would merely enter the net amounts he received after withholding and then add one-quarter to the total of these amounts to obtain the gross amounts to be included in his income for tax purposes.

The problem of overwithholding on religious, charitable, and educational organizations has been overcome this year by a special provision which will permit these organizations to offset currently the amounts withheld from dividends and interest against the amounts withheld from employees. In those rare instances where the amount withheld from the tax-exempt organization exceeds the amount owed to the Government, the excess will be refunded promptly at the end of each quarter.

The committee had the assistance of the staffs of the Treasury Department and of the Joint Committee on Internal Revenue Taxation in working out these improvements for the benefit of the withholding agents and interest and dividend recipients. As is customary, the Chief of Staff of the Joint Committee on Internal Revenue Taxation held meetings with representatives of corporations and other organizations paying dividends and interest. The representatives of these organizations agreed that the withholding plan was practical, would involve but little additional cost to them, and was simpler than the plan which was considered by the Congress in 1950. Representatives of the universities were also consulted and they confirmed the opinions of the staffs that the offset system which was designed to meet the overwithholding problem in their case would eliminate the hardship that might arise if they were required to wait until the end of the year for refunds. It was on the basis of these assurances and the fact that the revenue involved is so great that the committee adopted the new withholding provision.

CORPORATE SPLIT-UPS TO OBTAIN MULTIPLE EXEMPTIONS AND CREDITS

The corporate surtax exemption of $25,000 provided in the Revenue Act of 1950 and the allowance of a minimum excess profits tax credit of $25,000 provides a strong incentive for splitting up corporations to gain tax advantages. By incorporating as many branches of a business as possible some taxpayers are able to obtain multiple exemptions and credits, thus minimizing tax liabilities.

This procedure was used by some corporations during World War II, even when the specific excess profits exemption was $10,000 as against the present $25,000 minimum credit. The Treasury litigated some of these cases as attempts to evade or avoid tax. While tax considerations had clearly entered as one element into the corporate management decisions, the Tax Court held that the facts did not show the principal purpose was tax avoidance, and therefore, concluded that the multiple exemptions could not be denied. In one of these cases, a company which had operated since 1928, had 60 retail shoe stores, and in 1944 split up 22 of these into separate corporations. Subsequently, between 1945 and 1949, 27 additional new corporations were organized, thus creating 49 sets of credits and exemptions instead of one. In such cases, the tax benefits of corporate split-ups may run into millions of dollars.

The tax loss inherent in the multiple use of the minimum excess-profits credit and the surtax exemption is not limited to new corporations which may be created in the future by splitting up existing corporations. Where an enterprise is already divided into several corporate entities, the tax loss is the same as in the case of the newly created subsidiaries. Moreover, the unwarranted use of multiple surtax credits and excess-profits credits is as undesirable if two or more corporations are owned by the same stockholders as where one corporation owns the stock of another.

The bill deals with this problem by permitting only one surtax exemption and only one minimum excess-profits

credit to a group of affiliated corporations. For this purpose such an affiliated group would include a group which under existing law may file a consolidated return. It would also include two or more corporations with 95 percent of the stock of each owned by the same person or persons. In the determination of whether an individual owns the stock of any corporation he is deemed to own the stock held by his spouse or by a corporation owned or controlled by him. Other technical provisions have been added to avoid intrafamily split-ups.

This provision is essential to confine the reduced tax burdens under the corporate income and excess-profits taxes to the small corporations, for whom they were specially designed.

OFFSET OF SHORT- AND LONG-TERM CAPITAL GAINS AND LOSSES

Section 305 of House Resolution 4473 intends to close a loophole which benefits mainly speculators in securities or commodities. Under present law, it is possible for individual taxpayers to make considerable capital gains in a given taxable year and actually not only not to pay any tax thereon but carry over to other taxable years a fictitious loss.

The mechanism by which this undesirable result is being achieved is known as the 2 to 1 offset of short-term capital losses against long-term capital gains. Since long-term capital gains—which are profits from the sale of assets held more than 6 months—are added to income from other sources at half their face value while short-term capital losses are deductible at the full amount, it is possible for a person to offset every $2 of long-term capital gain by a short-term capital loss of only $1. In such a case, the taxpayer actually realizes a net gain of $1, but does not pay any tax thereon. By properly timing his operations a speculator can make large actual gains which for tax purposes are treated as losses and used as offsets against ordinary income from other sources in the current and future taxable years, and as offset against capital gains in future years.

An example will indicate the extent to which present law permits such abuses: A speculator can realize net long-term capital gains of $6,000,000 and net short-term capital losses of $4,000,000, leaving him a net profit of $2,000,000. Despite this large profit averaging about $40,000 a week, the income-tax return under present law would show a net capital loss of $1,000,000, since only half of the long-term capital gain or $3,000,000 is taken into account. This individual not only can escape tax completely on his $2,000,000 profit but can also report a loss of $1,000,000 to be carried forward and offset against capital gains of the five succeeding years.

H. R. 4473 would put an end to the creation of such fictitious losses and to the avoidance of the payment of tax on profits from capital gains. Short-term capital gains will heretofore offset against long-term capital gains dollar for dollar, and only the resulting excess of long-term capital gains, if any, will be reduced by 50 percent for tax purposes.

OTHER LOOPHOLE-CLOSING PROVISIONS—SALE OF INVENTORY ITEMS THROUGH THE USE OF COLLAPSIBLE CORPORATIONS

The Revenue Act of 1950 attempted to close the loophole resulting from the use of "collapsible corporations" to convert ordinary income into long-term capital gains. However, recent reports of the Bureau of Internal Revenue have revealed that collapsible corporations may be used for the purpose of converting profits from sales of inventory and stock in trade into capital gains.

Generally the use of a collapsible corporation for the sale of merchandise or similar inventory items would be relatively infrequent. However, in any period during which there are large price rises, or if there are price controls that might be avoided by some artificial device, this technique to convert substantial ordinary income into capital gains with greatly reduced taxes may become fairly frequent. The bill contains an amendment which will prevent the use of collapsible corporations for this purpose.

DEALERS IN SECURITIES

The committee has been informed that dealers may shift securities from the investment to the inventory account, or vice versa. This presents the possibility of converting what would be ordinary gain into capital gain. In addition, there is a difficult administrative task in determining in which portfolio the securities have in fact been held.

It is recognized that dealers in securities may actually acquire certain securities for investment purposes. However, it is exceedingly difficult to determine at the time of subsequent sale whether securities have actually been acquired for investment or for inventory purposes. Accordingly, the bill provides that dealers must clearly earmark the securities which they hold for investment purposes and must not be used thereafter for sale to customers. Unless these terms are complied with, the gain from the sale of these securities will be treated as ordinary income.

SALE OF PROPERTY TO CONTROLLED CORPORATIONS

There is a growing practice of using controlled corporations for tax avoidance purposes by selling assets to such corporations in order to obtain tax benefits. In the typical case a stockholder—or a small number of stockholders—controlling and owning a corporation, desires to convert ordinary income into long-term capital gain. The technique by which this is accomplished is through the sale of depreciable property owned by the stockholders to the corporation. The bill eliminates this loophole by providing that any depreciable assets sold by stockholders of a closely held corporation to the corporation be considered noncapital assets and thus that any gains from such sales be taxed as ordinary gains.

VENTURE CAPITAL COMPANIES

Before concluding, I should like to call the attention of the House to a provision in the bill which, I believe, will be extremely beneficial to the economy in the long-run. This is a provision which will foster the growth of venture capital companies.

Under the Internal Revenue Code as now written, the corporate income tax is not imposed on regulated investment companies which distribute currently at least 90 percent of their income exclusive of capital gains. One of the other tests which investment companies must meet to qualify for this treatment is that they cannot invest more than 50 percent of their assets in companies in which they hold more than 10 percent of the value of the voting securities. This rule was adopted to deny the special benefits for regulated investment companies to the usual type of holding company.

Venture capital companies are investment companies which provide capital for other companies engaging in the development or exploration of inventions, technical improvements and new processes or products. They generally provide most of the capital needed to finance the venture and thus cannot comply with the 10 percent rule. Since venture capital companies promise to serve as an instrument for directing an increasing portion of the current savings of the country into the small innovating ventures which are so important for long-run economic progress, the committee felt that it was desirable to amend our income tax laws so as to allow these companies the benefit of the provisions for regulated investment companies. This is accomplished by waiving in certain cases the rule that not more than 50 percent of the assets of the investment company may be placed in the assets of companies in which it holds more than 10 percent of the voting securities.

To qualify for this exception, the investment company must obtain a certification from the Securities Exchange Commission that it is engaged principally in the financing of inventions and new technical developments. To forestall abuse of the provision, the bill imposes the limitation that the total of securities held in any one operating company for more than 10 years may not amount to more than 25 percent of the assets of the investment company.

The proposed amendment which has been discussed with representatives of venture-capital companies will make a real contribution to their development.

I have confined my remarks to the major provisions of the tax bill which is now before you. I believe it is an equitable tax bill. The substantial revenues provided by this bill are needed to keep the Government on a pay-as-we-go basis. I, therefore, urge the Members of the House to vote for its enactment.

Mr. BONNER. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from North Carolina.

Mr. BONNER. The gentleman has mentioned a subject in his discussion that is difficult for me to answer in the mails that I receive. The gentleman has stated that if the cooperatives were taxed on an equal basis with competitive business it would only return $50,000,000 additional taxes. Will the gentleman explain to me why any competitive business should have a differential in their taxation? It is a hard question for me to answer.

Mr. MILLS. I want to correct the gentleman's impression. Perhaps I did say that, but I did not intend to say that if we taxed all cooperatives on the same basis that other corporations are taxed there would be only about $50,000,000 additional revenue.

Mr. BONNER. I mean where they are competitive to each other, what excuse is there for not having equal and fair taxes? It is growing into a big business.

Mr. MILLS. If the gentleman could have been in the executive sessions of our committee, he would perhaps have heard more discussion on this subject than any other. The gentleman from New York pointed out this morning his reasons why cooperatives should not be taxed. During consideration of the tax bill I offered a motion in the committee which would have increased the burdens of taxation on some of those cooperatives. Personally, I feel that a farm cooperative is a highly desirable instrumentality. It is highly essential to the farmer, and it is here today because of the inability of the farmer to market his product, and receive the price he should for it in other channels.

Mr. BONNER. If the gentleman would go into one of his cooperative stores, he would find very little difference in the price of the articles for sale.

Mr. MILLS. I am not talking about the cooperative store. I am talking about the marketing cooperative.

Mr. BONNER. They are the same thing.

Mr. MILLS. Oh, no, they are not. I disagree with the gentleman. It is the cooperative store that the gentleman's constituents complain to him about, is it not?

Mr. BONNER. That is correct.

Mr. MILLS. That is the situation with my friends in the district I represent. That is what they complain about. I offered an amendment in the committee which would have increased the tax burden on that type of operation. The consumer cooperative is not exempt from taxation under existing law, except to the extent it refunds the profits made to its consumers, to the people who do business with it—the patrons generally. If the consumer cooperative retains income that is not allocated to those people with whom it does business, that is taxed under existing law. There is no exemption whatsoever in the tax law itself for the consumer cooperative, except in the case of those purchasing supplies and equipment for the use of farmers. There is exemption in section 101, paragraph 12, for what we refer to as farm marketing cooperatives and what we refer to as farm purchasing cooperatives. Those two types of associations have been exempted, one of them since 1916 and the other since 1921, from any taxation on anything retained by it. The gentleman understands that whatever is paid out to the farmer, supplementing his price for his commodity, by one of these marketing cooperatives, is taxed in the hands of the farmer, if the farmer makes a profit that year. Anything that is paid out to the farmer which affects his cost of operation, by one of these purchasing cooperatives, reduces the cost of making the crop to the farmer and therefore affects his income. There are only about 6,000, as I understand it, of those farm cooperatives which are entirely exempt from payment of income taxes on retained reserves.

Many, many cooperatives all through the country have declined to take the exemption which they may be entitled to otherwise; they would prefer to pay a tax on their unallocated reserve; the amount which they retain. Because of the little revenue involved, I presume more than anything else, a majority of the members of the committee without any regard whatsoever to political party affiliation, voted against putting anything in this bill with respect to changing the tax treatment of cooperatives. Had my motion carried I would have been satisfied, but it was defeated.

Mr. DOUGHTON. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from North Carolina.

Mr. DOUGHTON. Is it not a fact, however, that some members of the committee felt that something more should be done about this subject of taxing cooperative organizations than was done after long discussion? We just did not have votes enough to do it.

Mr. MILLS. The Chairman is absolutely right; it was a question of each individual having his own views. As I remember, we never came nearer than four or five votes of carrying any motion with respect to these cooperatives.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from New York.

Mr. REED of New York. Was it not the position of the Treasury that the cooperative store, as some call it, that when the patrons of that store, a member of the cooperative, dealt with it and bought his goods more cheaply, that it was not income to the member of the cooperative? Is that right?

Mr. MILLS. The gentleman from New York is exactly right, and I think the gentleman from New York will agree with me when I say that the proposals which came to our committee from our advisors working with the committee accorded different treatment as between these consumer co-ops and farm co-ops which I personally considered to be more favorable to the consumer co-ops. Yet it is this latter type of organization that the gentleman from North Carolina [Mr. BONNER] referred to a moment ago, the very type of organization that causes the merchants of my own area their greatest difficulty and arouses the most objection on their part. Does the gentleman agree with me?

Mr. COOPER. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I shall be glad to yield to the gentleman from Tennessee.

Mr. COOPER. I am sure the gentleman will remember that in the bill reported by the Ways and Means Committee and passed by the House last year a provision was included that would have resulted in about $20,000,000 additional revenue from the cooperatives, but that it was taken out in the Senate.

Mr. MILLS. Yes, and they would not in the conference under any circumstances agree to it. The House managers at the conference finally had to recede from their position and accept the amendment which had been adopted in the other body. We were in session for several hours on that one amendment.

Mr. BONNER. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from North Carolina.

Mr. BONNER. I want to make myself perfectly clear; I am not speaking of the cooperative that affords a marketing program or an assistance program under any condition, but I am speaking of competitive business with merchants and manufacturers, and this thing is going into heavy industry; it is going into insurance; it is going into all businesses of that kind, and certainly there is no way on earth that the Ways and Means Committee can justify taxing one business and not another.

Mr. MILLS. I have already suggested to the gentleman that I offered an amendment in the committee which I think the gentleman from North Carolina would agree with.

Mr. BONNER. I have outlined the question I would like an answer to.

Mr. MILLS. I think the gentleman will agree that, under my amendment, I was trying to do something about this cooperative enterprise which is entering into competition with the merchant, the hardware dealer and other tradesmen in my area and which the latter feel has a tremendously unfair tax advantage at the present time. I was thinking in terms of the psychological effect. I thought maybe the people in my area would have been more willing to assume greater tax burdens had we allocated part of it to that type of enterprise, but I was very zealous in my own thinking to do nothing that would in any way jeopardize these extremely valuable farm marketing co-ops which I think are highly essential to the agricultural people of the United States.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. REED of New York. Mr. Chairman, I yield the gentleman one additional minute to answer this question: Was it a fact that the Treasury, as I said before, claimed that this was not income?

Mr. MILLS. Oh, yes; the Treasury said that that which was received from one of these co-ops in the way of a distribution as a patronage refund was not income to the recipient, and since it was not income it could not be reached by any action of the committee in attempting to tax it to the patron. That was brought out and actually that position was one of the factors that kept anything out of this bill on cooperatives.

Mr. KERSTEN of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Wisconsin.

Mr. KERSTEN of Wisconsin. A very interesting observation was made a short time ago in answer to a question asked by the distinguished majority leader when he asked what part of the burden

pertained to past wars and present defense necessities. I believe the gentleman's answer was 83 percent.

Mr. MILLS. That is my recollection.

Mr. KERSTEN of Wisconsin. Does the gentleman know how much pertains to defense needs, present and future, as compared to past war expenditures?

Mr. MILLS. I cannot break it down. I understand there are four factors in this 83 percent. First, the amount of money we make available for the Defense Establishment, interest on the public debt, veterans, and international financing, foreign loans, grants, and all that. I understand those are the four things that make up 83 percent of the budget.

Mr. WINSTEAD. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Mississippi.

Mr. WINSTEAD. The gentleman from North Carolina pointed out certain tax advantages enjoyed by these cooperatives. Some think they should pay taxes like a partnership. Will the gentleman take the time to explain the difference between the tax imposed upon these cooperatives and the tax treatment of partnerships?

Mr. MILLS. It is the argument of some of those in the cooperative movement that cooperatives are to be treated taxwise just as any partnership now is being treated because, they say, in fact they are a partnership, and whatever is made by a cooperative is made for the individual members of the cooperative in a sort of joint relationship. I take a somewhat different position with respect to these cooperatives that open up a place of business on Main Street and sell to anybody who walks in, irrespective of whether he is a member or not. To me the Congress never intended, when it gave birth and impetus to this great farm cooperative movement, to include that type of a cooperative in this sort of special treatment. It is that type of cooperative to which the gentleman refers and the fact it does not pay taxes on its entire earnings before anything is distributed to the patrons is the thing, in my opinion, that causes most of the complaint that exists today among the business people.

Mr. WINSTEAD. Would there be a difference if it sold only to its own members insofar as the argument goes that it should be treated for tax purposes as a partnership?

Mr. MILLS. There would be. I think there would be a difference if its entire business was done with members and only members.

Mr. REED of New York. As a matter of fact, under the regulations they are supposed to segregate those who are not members from those who are members and to tax those who are not members on the amount they buy.

Mr. MILLS. Is that true of a consumer cooperative?

Mr. REED of New York. Yes.

Mr. MILLS. That is true of a consumer cooperative.

Mr. REED of New York. Yes.

Mr. MILLS. I appreciate the gentleman's observation.

Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas?

There was no objection.

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from California [Mr. PHILLIPS].

Mr. PHILLIPS. Mr. Chairman, my opposition to additional taxes at this time, and therefore my decision to vote to recommit the bill now before the House, is based on my conviction that other things should come first.

If new and heavier Federal taxes are to achieve a justifiable purpose; if they are to be a part of a pay-as-you-go mobilization of our strength; if they are to help in the fight against inflation, by siphoning off consumer buying power; then the Government itself must see to it that Government wastefulness does not defeat these legitimate purposes. We are close to a saturation point. Taxes from present sources have approached the point of diminishing returns. New tax sources have proved almost impossible to find. Additional tax levies will not necessarily bring in a large total revenue. This is tax experience.

Administration demands for heavily increased taxation is based on a fallacy. The administration appears to assume that Government spending is not inflationary, while that of individual citizens is inflationary. I find it hard to believe that the President, or anyone else in his administration, can fail to understand that the opposite is the fact.

Government spending is directly inflationary. Government does nothing to create wealth. Government spends. Non-Government spending, on the contrary, is channeled back into the production, for the most part, of goods and services which are essential to economic, and hence to military strength.

It follows, in putting first things first, that a sincere effort on the part of the administration to bring about economy in its own operations, and to enforce orthodox credit curbs, which, with increased production, can strike at the heart of inflation, must precede the imposition of additional taxes.

The administration continues to pursue a policy of inflationary spending, on an increasing scale. This is evident from a few budget figures, which I shall give you now, as examples of what I mean. I have had an opportunity, as a member of the House Committee on Appropriations, to study these figures.

In fiscal year 1939, the Federal Security Agency spent $758,536,061. In fiscal year 1947—the first budget request of Mr. Truman—it spent $928,077,000, or a percentage increase of 22.4 percent. For fiscal year 1952, the year for which we are now appropriating, the agency asked for $2,154,483,011, an increase in only 5 years of Mr. Truman's administration, and postwar years at that, of 132.1 percent.

The Department of Commerce jumped in the same three fiscal years from $239,456,636 to $368,556,000 and in the last 5 years to $761,918,904. This is a jump of 106.7 percent in Mr. Truman's peacetime administration.

Using percentages alone, in the past 5 years, the Interior Department increased its budget 123.7 percent; the housing and home finance agencies, 150.2 percent; the General Services Administration—adjusted to the reorganization—185.3 percent; TVA, 83.8 percent; NLRB, 86.5 percent; while the increase during the 5 years alone, for all Government agencies, was 82.2 percent.

Let me call your attention again to the fact that these increases are all post-World War II increases, and that the rate has been accelerating. So great indeed has been the increase in Government spending for civilian payrolls alone, that today the total is at an annual rate of $8,300,000,000. This is equal to the rate at the peak of World War II, when Government spending reached an all-time high.

I stop at this point, Mr. Chairman, to admit that I feel in a mood to congratulate the members of the subcommittee on the independent offices, of the Committee on Appropriation—which I admit includes myself—for the evidences of greater than the average economy in those agencies of government for whose budget this subcommittee is responsible.

Putting the agencies on a comparable basis, the ones for which we are responsible spent $10,571,039,000 in fiscal year 1947. This was an increase of 511.9 percent over the total for fiscal year 1939, which was $1,727,588,720. Since we have the Atomic Energy Commission, the Maritime Commission, the Veterans' Administration, the National Advisory Committee on Aeronautics, and others directly associated with the war efforts, this is not too surprising an increase for the war years. However, please note, Mr. Chairman, unlike the other agencies, the percentage for the last 5 years is not an increase but a decrease of 20.3 percent.

Because of the apparent unwillingness of the administration to reduce spending, even in peacetime, and its weakness for socialistic, money-wasting schemes, I cannot in good conscience support the tax bill now before us, nor any increases in taxes upon the small and already hard-pressed taxpayers of the United States.

If Congress and the administration will unite to reduce spending, then will be the time to consider the necessary steps to drain off the consumers' spending power by increased taxes, applying the increased revenues to the immediate demands of war, identified carefully as such, and to payments on the national debt.

Mr. REED of New York. Mr. Chairman, I yield such time as he may desire to the gentleman from Michigan [Mr. SHAFER].

LET'S HAVE SOUND FISCAL POLICIES AND ECONOMY BEFORE TAX INCREASES

Mr. SHAFER. Mr. Chairman, history records that James Watt received the inspiration which he translated into his invention of the steam engine while watching a steaming tea kettle.

I respectfully recommend the tea kettle to the President of the United States

as a possible source of timely inspiration, instruction and edification.

While I am well aware of the aversion of women folks to such husbandly intrusions, I suggest that Mr. Truman take a little time off from more imposing official duties, and that he forget politics for a few minutes, and pay a visit to the kitchen of the Blair House.

I suggest that the President there devote a few minutes of concentrated attention to the phenomenon of the steaming tea kettle.

Particularly I urge him to weigh the two alternative methods of controlling the steam rolling out of the tea kettle—on the one hand, the method of holding down the tea kettle lid and plugging the tea kettle spout, and, on the other hand, the method of turning down the fire under the tea kettle.

Then I respectfully suggest that the President of the United States return to his study—still forgetting politics for the moment—and reflect upon the possible application of a bit of tea kettle wisdom to the problem of inflation and what to do about it.

The matter of watching the tea kettle should be easy enough for the President to arrange. The matter of forgetting politics even for a few minutes, might take a bit more doing. But even that should not be impossible if Mr. Truman will take seriously his own statement, in his radio address last Friday evening, that the fight against inflation "is not a partisan fight," and that inflation, itself, is not partisan.

The simple truth, which is beginning to dawn upon a growing number of Americans, is that inflation cannot be prevented or controlled merely by holding down the tea-kettle lid or plugging the spout. This discovery, despite Mr. Truman's insinuation to the contrary, is not limited to members of the National Association of Manufacturers.

Despite the inept and obvious smear technique employed in the President's radio address, it is not the so-called lobbyists or the "interests" who have grave doubts as to the wisdom or efficacy of trying to stop the tea kettle from steaming by clamping on the lid and driving a cork in the spout.

Incidentally, when Mr. Truman professed to list the substitutes for price controls advocated by these terrible lobbyists, he very carefully avoided any reference to their proposals for Government economy and for lessening the flood of cheap money. He very carefully failed to mention these two indispensable devices for turning down the fire under the tea kettle.

The President indulged in another familiar line of deception when he charged that the same people who urge higher taxes as a means of controlling inflation are—and I quote his words—"going around urging another committee of Congress to go easy in raising taxes on corporate profits."

The fact is, of course, that the matter of taxes is definitely and deeply involved in the whole problem of inflation. But it also is a fact, and a fact which the President likewise chose to ignore, that the effectiveness of higher taxes as a device for controlling or preventing inflation depends upon whether those higher taxes are used in conjunction with—or as a substitute for—other necessary methods of turning down the fire under the steaming tea kettle of the national economy.

The $7,200,000,000 tax bill now before this House must be appraised in relation to the total problem of inflation and inflation controls. It must also be appraised in relation to the administration failure to adopt anti-inflation measures which strike at causes instead of symptoms alone. It must be appraised in relation to the President's insistence that you can stop the tea kettle from steaming if only you enact enough laws; impose enough controls; invoke enough penalties; post enough price ceilings; hire enough snoopers, price czars, and OPS lawyers—all at the taxpayers' expense; add the frightening governmental power of licensing all businesses and the corollary power to revoke licenses and drive Americans out of business, and create and expand the vast and appalling apparatus of regimentation.

This tax bill, Mr. Chairman, must be appraised, not by itself alone, but against this background of a blind and stupid economic and political philosophy which ignores the fact that the only possible result of these methods, like the procedure of bottling up the steam in a tea kettle while leaving the fire on full blast, will be a disastrous explosion which could wreck not only our economic system but our system of political freedom as well.

So far as I am concerned, when this tax bill is so appraised, when it is appraised against this background, it leaves no possible choice but that of opposition.

By way of elaborating the reasons for that opposition, I point out, first of all, that the higher taxes represented by this bill, when taken alone, have inflationary effects.

Higher income taxes, imposed on the wage earner, bring demands for higher wages—and so contribute to the inflationary pressures.

Higher corporate tax rates, inevitably passed on to the consumer, bring demands for higher prices—and so contribute to the inflationary pressures.

Higher corporate taxes and higher taxes on dividends—despite the politically popular appeal of "soaking the rich"—actually result in drying up the streams of investment capital which are the source of new or expanded business operations. This drying up of the streams of investment capital, in turn, curtails production and the very output of goods and services which effectively limit and control inflationary forces.

Excessive taxation, of the type represented by this bill, has a production-curbing effect which is obvious even to the average wage earner. It produces the taxpayers' strike—the unwillingness or reluctance of the worker to work extra hours or days when he realizes that the extra earnings will put him in a higher income tax bracket which takes part or all of his extra earnings away from him in taxes.

Higher taxes, taken by themselves, without measures which turn down the fire of inflation, actually serve to feed that fire.

In the second place, higher taxes, voted ahead of and without regard for every possible economy in Government, merely confirm the tax spenders in their spendthrift ways and thereby make it easy for them to continue their reckless and profligate extravagance.

For these wastrels of the Nation's substance, higher taxes voted prior to real economy in Government are merely a welcome assurance that "there's more where that came from."

There is a time and a place for higher taxes—if they can be geared to a genuine pay-as-you-go Government program based on real economy and sound fiscal policies.

But that time and place are related to, and dependent upon, economy in Government becoming a fact and not a mere Presidential dare.

There is a third important point bearing on the relationship of taxes to other and prior efforts to combat inflation by turning down the heat under the tea-kettle.

Higher taxes are a blow to thrift—to the habit of current saving by the American taxpayer. Higher taxes mean less individual saving—less purchases of E bonds, less reinvestment in E bonds by citizens whose present savings bonds are maturing.

A decrease in E-bond purchases will make it necessary for the Government to sell more bonds to commercial banks which, in turn, means turning loose new floods of cheap money. And these new floods of cheap money will have the effect of further depreciating the dollar and of lowering the value of E bonds as an investment, thus adding a further discouragement to prospective E bond purchasers.

It is a vicious circle, a dangerous chain reaction. And higher taxes can be the very factor which touches off that chain reaction.

There is one other aspect of this inflation and tax increase picture which bears particular emphasis. One group of our fellow citizens, above all, is caught in this disastrous economic pinchers.

I refer, of course, to those persons relying on fixed incomes for their subsistence level of economic existence.

Included in this category are those persons entirely dependent upon pensions, annuities, life-insurance benefits, dividend payments, and various types of savings, including bank accounts and savings bond investments.

Because of its direct bearing on this group of Americans and their present plight I call attention to a fact recently cited by Dr. Walter E. Spahr, professor of economics of New York University. Dr. Spahr said:

> The total loss, because of a depreciated dollar, on the average value of life insurance policies, time deposits in banks, and E, F, and G savings bonds for the years 1941–50, in 1950 dollars as compared with 1941 dollars, amounted to $116,565,524,000. This huge loss, lightly regarded because so

poorly understood, stands in sharp contrast to the officially estimated total loss of $1,901,000,000 by depositors in suspended banks during the years 1921–1933. Regarding the latter loss, extending over 13 years, and which is only one-sixty-first of that over 10 years on the three items mentioned, we still write and speak with emotion for the reason, apparently, that the meaning of that loss was brought home to us in a manner we could understand. But regarding a loss more than 61 times greater, on only the 3 items specified, we offer in general little more than platitudinous observations that reveal our small understanding of the devastating effects of a depreciating currency.

And, as Dr. Spahr goes on to point out, the factor of irredeemability of the currency, which has its roots in the repudiation of the gold standard, "is the most potent of all forces known as causes of a depreciating currency."

The supreme irony of the situation which it is now proposed to further aggravate by higher taxes, and by continued attention to the symptoms rather than the causes of inflation, is that this situation is the product of the policies of New Deal and Fair Deal administrations which have made long and loud professions of concern for so-called social security, and for freedom from fear and want.

Social security today has become ashes in the mouths of America's pensioners and others dependent upon fixed incomes.

Mr. Chairman, all of these interrelated problems of taxes, prices, and inflation offer immense opportunities for political exploitation, for demagoguery, for quackery and sure-cure promises, and for demands for vast new authority for a power-hungry executive department.

The administration is not missing any chances of exploiting these opportunities.

The legend is that when James Watt sat for a long time watching the steaming tea kettle, his aunt reproved him for his idleness and urged him to engage instead in some useful activity.

It is not the first time—nor the last time—that activity has been mistakenly urged as a preferable substitute for careful and sober thought.

Perhaps this is another lesson which the administration could learn from James Watt and his aunt's tea kettle.

Earnest, searching thought regarding the complex and critical problems of our economy will contribute much more, in the long run, toward solution of those problems than the politically inspired, hurry-up activity which seeks the answers in new Government bureaus and job holders, more directives, and more and more use of administrative powers directed against the long-suffering American citizen.

Mr. REED of New York. Mr. Chairman, I yield 25 minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS. Mr. Chairman, I think it can be safely said that up to this time this debate has been very lucid and illuminating and very fair. Taxation is a very complicated and intricate subject, and nobody is safe to assume that he knows all about it. Taxation is almost a science. Taxation must be just and it must be general in its application so that no person or group is favored, and consideration should be given to ability to pay.

Mr. Chairman, in the consideration of this tax bill there is not very much new about it. There are no new tax principles involved except, I might say, two. There are two principles that are somewhat new to personal income taxes and corporate income taxes. One of them is withholding of dividends and interest, and I shall discuss that later. Another new principle, I presume, that would be new, and that is going to be very experimental, is the provision which seeks to tax gambling. Up to this time we have taxed about everything else, but we have never taxed gambling from a national standpoint. In this bill we do not seek to tax the gambling game as it progresses, but we take the position that we tax the promoter as we would tax an occupation. Personally, I hope the experiment is successful, and I think it can be successful if those who administer this law will carry on with vigor and with real earnestness. It was unfortunate that the House and the Senate, through investigations, were compelled to expose this terrible business. The American people approve what these investigating committees have done, but if the district attorneys and the prosecuting attorneys and the law-enforcement agencies of the country had done their part it would not have been necessary for these groups to act.

Several of the Members who have spoken today have said this. They said it with some little pride, I thought. They said that this is the biggest tax bill ever introduced and considered in any Congress. You know, that kind of terrifies me to think that this is the biggest tax bill that ever has been introduced in any Congress, and it is coming on so soon after two other big tax bills that were recently passed, one last year producing more than $6,000,000,000, I think, and another this year producing more than $3,000,000,000, making altogether about $10,000,000,000. Then this one comes along, providing for something over $7,000,000,000. You know, my friends, I dare say everybody here is old enough to remember when the first income-tax bill was passed. It has only been a few years ago. George Washington did not know anything about an income-tax bill, and neither did Abraham Lincoln and neither did William McKinley.

As you well know, when the Government was set up nobody ever thought about an income tax on coporations or on private individuals. Well I wonder how in the world the Government existed up to that time. Originally taxes were levied on ability to pay or rather taxes were levied on property. In some States only property owners had the right to vote. The complexity of business brought on new tax theories that were more liberal and more just.

Now just think of the millions and millions and billions that are taken in by the Government by way of income taxes. The first income tax law was passed after the Constitution was amended in 1913. We had to amend the Constitution to have a right to levy an income tax. We had to go through that great and profound formality of passing an amendment to the Constitution. Well, after we amended the Constitution, Congress soon came forward with an income-tax law. It was very mild as compared to what the law is today. Do you know what personal exemptions were then? The exemption then for a single man was $3,000 and for a married man was $3,500 and the rate of taxation was only about, I think, 6 percent. In those days $3,500 was considered to be a princely salary or income. That was about as high as they dared to go for several years. They carried that high exemption and that low rate for several years, but now just think of it. In this bill the corporations are up against an 82-percent tax limit and the individuals are up against a 90-percent tax limit.

Who is it that wants to start out in business as a corporate entity when he only has about an 18-percent margin to operate on if he becomes highly successful? What individual wants to figure on making a big income if he knows he is going to be taxed 90 percent on the dollar on what he earns? There is no question that we have gone about our limit in the field of income taxes.

Mr. Chairman, the fact that this is the biggest tax bill in history carries tremendous implications. It means that we have about reached our limit. In the early days the Government's principal income came from tariffs, rents, and sale of Government lands and from the tax on liquor and tobacco. The cost of Government was held down. When Roosevelt was first elected the total cost of Government was more than a billion dollars a year less than the interest on the public debt is now.

Harry Hopkins made himself immortal when he announced the formula that the Roosevelt administration would follow which was "tax, tax, tax, spend, spend, and elect, elect, elect." While he made himself immortal he made himself eternally ignoble, for this policy has all but ruined our great country.

Mr. Chairman, while our committee was laboring so hard and faithfully on this bill I got what I felt was a profound conviction; that conviction was that this tremendously big bill might be the limit beyond which we could not safely go. When you go up to 90 percent on individuals how much farther have you got to go? When you go up to 82 percent on corporations how much further have you got to go?

In contemplating this situation I got scared. So I talked with a man who, I think, knows more about taxation than anybody in the United States. I said to him, "I am worried about this big tax bill. I am afraid this may be the last one. What are we going to do if we are called upon to pass another such bill along the same lines?"

This man has been for years closely identified with all the tax bills that Congress has passed. Do you know what he told me? He practically agreed with me. He said, in effect, that he thought that we have gone about as

far as we can along the present lines, and he further said, in effect, that we will inevitably be driven to levy a straight national sales tax on everybody and everything.

Mr. Chairman, let me say in all seriousness that if we have come to a national sales tax on everybody and everything, we have come to that place that would bring rejoicing to the Socialists and Communists of the world. When the Government controls everything that our people spend individually, then the Government controls everything and everybody. Up to this time we have been trying to permit our people to control what they have earned and what they spend. When the Government controls by taxes what a person spends, it will tell him what he can buy and what he cannot buy.

Mr. Chairman, there is a school of tax philosophers who believe that the Government should control all spending. Some of these, I am advised, are pretty close to the White House. My colleagues, you may be in favor of this kind of a program, but listen to me. Whenever we levy a tax on spending, and expect to finance the National Government on a national sales tax, then who is going to pay the most, who is going to carry the burden? Inevitably, the man who spends the greatest part of his income, that is, the poor man, the workingman with a family. He is the man that spends the greatest part of his income, and he will be the man that will have to carry the load.

Mr. Chairman, that kind of a tax is not consonant with democracy or with republicanism that has made us the greatest country in the world. We would find ourselves in a position where the Government would tell us what to do instead of our telling the Government what to do.

We have been proud in our preachments when we say that the people rule, the people control, the people control the Government, but whenever the Government comes along with the heavy hand of taxation and makes all its expenses out of what people spend, then I tell you we have turned it around. If and when we come to having a general sales tax as the complete method of getting all our governmental expense money then we will be taxing the man of small means with a large family much more proportionately than anyone else because he spends a larger percentage of his earnings than anyone else. He spends all his earnings and therefor is taxed on all he earns.

Mr. CUNNINGHAM. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield to the gentleman from Iowa.

Mr. CUNNINGHAM. Is it not true that the excise taxes provided for in this bill as well as previous excise taxes are in fact sales taxes? Is there any difference between an excise tax and a sales tax? Is it not added to the price of the product?

Mr. JENKINS. Practically, that is right.

Mr. CUNNINGHAM. And is it fair to have such a tremendous sales tax on certain products and none on others?

Mr. JENKINS. That is a great problem in taxation. I know the gentleman has thought it out, and I have thought it out, too. But whenever you put an excise tax on commodities it is a hard thing to say what to tax and what not to tax, where to start and where to end. You just could not do it completely equitably, because what might be an exorbitant sales tax to one individual, or an exorbitant excise tax, would not be so to somebody else.

Mr. CUNNINGHAM. I am confused about the tax on cooperatives, after listening to the splendid speech by the gentleman from Arkansas. If I understood him correctly, store cooperatives are taxed, but under a ruling of the Revenue Department their profits are held not to be income, therefore they are not covered by the bill. Is that correct?

Mr. JENKINS. That is the way it is. The gentleman from Arkansas is one of the best versed tax men in this House. I think what he said is correct.

Mr. CUNNINGHAM. These marketing or consumer cooperatives are not taxed if they distribute their profits to the members, such as the farmer, on the theory that when the farmer or the member gets the profit it is added to his income, and therefore he pays the tax on that. But if the cooperative does not distribute it to the members, then that part of the profit is now withheld by the cooperative, even though it is a consumer cooperative or a marketing cooperative, is subject to taxation. Is that correct?

Mr. JENKINS. That is the bone of contention—what to do with the surplus.

Mr. CUNNINGHAM. Is that correct? Is it correct that they are not taxed now if they are handed out to the members, but if they are retained as a part of the assets of the cooperative they are taxed? Is that correct?

Mr. JENKINS. Well, no, if they are handed out to the member, they are taxed, in the hands of the member.

Mr. CUNNINGHAM. But if they are not handed out to the member, and if it goes to the marketing or consumer cooperative, then they are not taxed at all. Why then, does not the same rule—or does the same rule apply in that case as a ruling by the Internal Revenue Department as to store cooperatives—that is, are they not taxed when they are not passed out, because the Internal Revenue Department has a ruling that this profit is not income? Is that the reason?

Mr. JENKINS. That is a very complicated question. The Treasury has dealt with it, and the cooperatives have dealt with it, and private individuals have, also.

Mr. CUNNINGHAM. Can the gentleman not answer whether or not the Treasury Department has a ruling that it is not income?

Mr. JENKINS. I may not understand the question. As I understand the gentleman's example, which he just gave, it is not income.

Mr. CUNNINGHAM. Then when you get to the bottom of the whole controversy, the trouble lies, not with the Congress or with the Committee on Ways and Means of the House of Representatives, but with the interpretations placed upon our law by the Treasury Department.

Mr. JENKINS. In order to be absolutely fair with the Treasury Department, the Treasury Department does not want to institute a program, if it cannot effectuate it, and if they cannot make it work. One branch of the Treasury has to enforce it, of course, and it would not behoove another branch to advocate the passage of legislation which would not work.

Mr. CUNNINGHAM. Is there any basis that the Treasury Department has given for classifying this profit of these cooperatives as not being income?

Mr. JENKINS. I can just give a little illustration. For instance, if you go to one store and buy a shirt which costs you $2, and I go to another store and get the same kind of a shirt, exactly, for $1.50, why, that is not income to me.

Mr. CUNNINGHAM. Why is not that extra differential of 50 cents called income, or, in other words, profit to the store that gets it?

Mr. JENKINS. It is not income to me.

Mr. CUNNINGHAM. No; but it would be income to the store.

Mr. JENKINS. That was not the gentleman's question. As I understand it, here is the real bone of contention. Many people claim that the cooperatives do not pay tax on everything that they themselves earn and keep to themselves. They cite an illustration. For instance, where a cooperative built a great big office building, which cost probably $100,000.

Mr. CUNNINGHAM. That is what you call a store cooperative?

Mr. JENKINS. Yes. They claim that that was bought by surplus of the cooperative, whereas, had they been a corporation, they would have been compelled to pay on that surplus. There is a line of demarcation there, and the Treasury Department makes out that line of demarcation. These gentlemen have discussed that. The gentleman from New York [Mr. REED] is an outstanding expert on that subject, and so is the gentleman from Arkansas. If I have not answered the gentleman fully I am sure that he can find the answer in the speeches made by Mr. REED and Mr. MILLS.

Mr. CURTIS of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield.

Mr. CURTIS of Nebraska. The facts are that the Congress at no time has given any special treatment by way of legislative enactment for any cooperative except those marketing agricultural products, and those distributing agricultural supplies and equipment.

Mr. CUNNINGHAM. I want to thank the gentleman. My state of confusion is not as great as it was before he was kind enough to yield to me.

Mr. JENKINS. I am glad that we have been able to help the gentleman. If the gentleman has come to the place where he is complacent and thoroughly satisfied with reference to this cooperative question, I want to congratulate him, because he is a very able Member of Congress and the matter of taxing cooperatives is a difficult one to understand fully. I am always glad to do

the best I can to explain it as I understand it.

Mr. CUNNINGHAM. I will not accept that tribute, but I am very much concerned. Like others, I am unable to answer questions that I receive from constituents in the mail. They are confused. I know I am confused. The gentleman has helped me quite a bit. There are still some points that are not quite clear in my mind, but perhaps I can find the answer to them later.

Mr. COMBS. Mr. Chairman, will the gentleman yield for an observation?

Mr. JENKINS. I yield to the gentleman from Texas, Judge COMBS, who comes from an agricultural section of the country and understands the workings of cooperatives fully.

Mr. COMBS. On this cooperative proposition, there is a great deal of misunderstanding. Let us take a marketing cooperative that has been referred to. Suppose a thousand farmers or other individuals get together and put in $100 each. That raises $100,000 capital. Suppose they build a store. Now suppose they make their sales to their members, and at the end of the year they total up the expenses and they distribute every dime of profit left, after they pay salaries and expenses, to those 1,000 members. They do not pay a dime of tax. Neither would a corporation pay any that was operated on that basis. But under existing law, if they retain anything to add to their capital, to expand their business, it is taxable, exactly as a corporation is taxable today.

Mr. JENKINS. I wish to thank Judge COMBS for his learned explanation. Now let me get back to my original thesis with reference to whether or not this may be the last tax bill. I want you to consider this with some little solemnity. Perhaps some people would be happy if it would be the last tax bill, but I would not be happy if this would be the last tax bill. I do not like to see us pass a bill that will practically tax our people beyond financial endurance. We must defeat this bill or send it back to the committee on a motion to recommit so that we can bring back a more moderate bill and save our tax structure.

I have stated publicly that I am going to vote against this bill. I have a number of good reasons. I have abundant reasons. In the first place we do not need the large amount that this bill will take away from the people. Another reason is that I am opposed to this principle of withholding on dividends and interest. There is another reason: You know everybody talks about economy. It has come up a half dozen times today and everybody says, "What are we going to do about doing away with spending for nonessentials.

Let me call this important incident to your attention: It shows why we do not cut out this extravagant spending. Our committee, I mean the Ways and Means Committee, went down to see the President 2 or 3 months ago. He invited us to come down there. That was the first time I had been in the White House for a long, long time. We went down and met the President as he had called us down to talk with him about this big tax bill. He treated us very nicely. I think everybody put on a clean shirt and went down there and we looked the best we could. He looked the best he could, I think. He came out and spoke to us and made a real good speech. As he was making his speech I thought a little more of him than I had previously. Of course I knew somebody else had written the speech, but he delivered it very well. After he got through, he assumed that usual cocky atmosphere that he has, and he said, in effect, "Now, if anybody wants to ask me any questions, I will be glad to try to answer them." Sure enough, some members asked him some questions. I do not think any Republicans asked him any questions for a while. Most of the Democrats asked him questions that would naturally encourage him. After 10 or 15 minutes of this there came a little lull in the proceedings and I timidly volunteered to ask him a litle simple question. I said, "Mr. President, I do not want to change the subject, but I would like to know what do you recommend with reference to national economy?" He went up the figurative stepladder pretty fast on that question. He took it right up quick. And this is what the President said—I do not claim to quote him exactly, but the President was really cocky and defiant. He wanted us to understand that he had gone over the budget in great detail and that nobody could justify cutting anything out of it. He dared anybody to cut anything out of it. But my colleagues you know that the Appropriations Committee of the House cut millions out of his budget and that the membership of the House has cut additional millions out of his budget by motions on the floor of the House.

He said, "I want you to raise $16,100,000,000 and I want you to raise $10,000,000,000 by the first bite and $6,000,000,000 on the next bite." He looked at the Democratic members as though he thought they would do just what he asked them to do, but I noticed that some of the Democratic Members did not approve of his demands. They went back up to Congress and took their own good time to work out the matter.

The Democratic members of the House Ways and Means Committee are, taken as a whole, competent tax authorities and by their action showed that the President's demands did not have much effect on them.

When the President finished his little speech about how much taxes he wanted the committee to raise forthwith he then took up the matter of curtailing Government expenses as I had inquired. In effect he claimed that he had practiced rigid economy and talked as if he was America's chief economizer.

Now, Mr. Chairman, here is the point I want to make: It is not the problem of the Congress of the United States to determine how the money shall be spent; in our set-up of Goverment, Congress makes the laws, the Supreme Court interprets the laws, but it is up to the Executive to enforce the laws and spend the money required in carrying out the laws. It is up to him to make the recommendations. It is up to him to see, as the Chief Executive, the purpose of the laws is carried out and the money spent wisely.

He said that we could not cut the budget and he dared us to try to cut the budget. What has happened? I have already told you. Down there in the White House in the executive branch of the Government there is no responsibility apparently for reducing expenditures. There has been no evidence of it. Nobody in the executive branch wants to economize. They all seem to feel that spend and elect is the proper procedure.

Mr. Chairman, unless the President wishes to economize the Congress must do it if it is to be done.

Then you ask me: How can you vote against this bill without any finances coming in? I want you to know, as has been brought out here several times, strange as it may seem, we have $4,000,000,000 in the Treasury unspent; and I am surprised that the President has not got at that yet, but there it is, and we are going to have a lot more money coming in. From all the figures I have, and I do not want to tire you with them now, but figures by the best estimators, they show that we are going to have enough money under the present tax law to carry us through 1952 unless the President comes forward with some program far beyond any reason. So there is the situation; we are not busted, and do not forget we are already reeling under a terrific load of taxes, a terrific load. We do not repeal any of them in this bill, and if we fail to pass this bill we will continue to collect what we are collecting now. If you should send this bill back to the committee, or if you should vote against this bill there would be no reduction of any kind. So I say to you I am going to vote against it with great complacency because I think that the money that we already have down there and the money that is going to come in under the big tax bill we passed last year and the one we passed early this year will provide enough money until the Executive shows some inclination to do what the American people want him to do. He knows that that failure to economize is on the lips of everybody everywhere: Why do you not cut expenditures is the question asked by thousands every day. Until he cuts expenditures I am not in favor of giving him any more money to spend; and that is one of my reasons for not voting for this bill.

Mr. YORTY. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. Not at this time; I want to discuss one other subject and that is a new provision, the matter of withholding.

Last year over the protests of myself and many other Republicans the House passed a bill providing for a withholding of income taxes on corporations and individuals? What happened to it? When the bill went to the Senate the Senate took the withholding provision out—the Senate took it out completely. What about this bill? When this bill first came to the Ways and Means Committee, first for consideration, it had a provision that withholding would apply against all the interest paid out by the many building and loan companies of

the land, and against all of the interest paid out by the savings banks, which are located all over the country. One bank in Cleveland wrote me that it had 450,000 of these little savings accounts. Hundreds of savings banks and building and loan companies throughout the country were in a similar position. The Democratic members of the Ways and Means Committee heard protests from all over the country against this 20 percent withholding and brought in an amendment relieving the savings banks and the building and loan companies of this terrible burden of withholding on these millions of accounts. Maybe the Democrats did not have any secret meetings but we Republicans were astonished when one of the Democrats rose in committee and moved that we take out the withholding as far as it applied to these savings banks and building and loan companies and other similar agencies. Now, then, if they were willing to take out withholding as far as it applied to all those different small accounts why not take it out altogether? I maintain that it should be done. How does it work? Let us take the case of an old lady, we will say she is an ex-school teacher; she lives on her little retirement and she has a few shares of stock in her home bank maybe. Her dividend may be $50 twice a year. She has gone to San Francisco or to Florida or to some other place to live and she depends on her meager retirement and her little dividends. A notice comes to her that they have taken out 20 percent of those dividends and they are withholding it. She looks it over and wonders, well, what do I have to do to get that 20 percent back? The company paid it to the Government. You know, that is the bad thing about this bill and we have gone into this extensively in our minority report. A lot of that money that goes back to the Government will never get into the hands of the poor people to whom it belongs. They will not go to the expense to engage a lawyer or a notary public to make out the application for a refund. The Treasury estimates that many thousands of dollars will stay in the Treasury. This is a most unjust enrichment by the Government at the expense of small helpless owners of small amounts of stock.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. REED of New York. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. JENKINS. Mr. Chairman, it is argued that this is the same as withholding on wages. It is not the same. The man who works, the man who labors, the man who works in a factory can see the bookkeeper of that factory or the auditor of that factory every day. If he loses 2 or 3 days he knows how much he has lost, he knows when his pay check comes to him whether or not he has the right amount. If he has not received the right amount he goes in to see the auditor to determine what is the matter. But this school teacher far off someplace does not know anything about what is going on until they have taken the money out and sent it to Washington.

If the man who labors or works has a new baby in his family, he knows he has an additional exemption by reason of that and he hurries to the bookkeeper and says: "I have a new baby in the family. I have an additional $600 exemption, so you cannot take so much out on me because my total tax will be reduced." All of that works out nice for the workingman because they in a way keep his books. But I tell you, this withholding of 20 percent of dividends is an abomination to many deserving people. It is not for the rich people because it is provided now that if any company pays a man more than $100 in dividends that company must report the fact to the Treasury. The Treasury gets reports on all people who make any appreciable amount of dividends. But I say again this withholding of dividends is not right. That is my principal opposition to this bill. They say this withholding will bring $400,000,000 into the Treasury. How do they know how much it is going to amount to if they do not know who has not been paying? It is not right that they should withhold on a person whose total income is not sufficient to cause him to be an income-tax payee. I venture the assertion that if you pass this bill with this withholding portion in it the Senate will take it out as it did before.

Mr. SCHWABE. Mr. Chairman, will the gentleman yield?

Mr. JENKINS. I yield to the gentleman from Oklahoma.

Mr. SCHWABE. This is calculated to put in a lot more jobs, is it not?

Mr. JENKINS. I am glad for the observation of the distinguished gentleman from Oklahoma. There is no doubt all this mess that will result from withholding will call for the employment of many more Government employees.

Mr. Chairman, I have not the time to discuss excise taxes as I should like to do. They claim that they are going to get $1,000,000,000 more out of those additional excise taxes. The gentlewoman who asked a question a while ago spoke the voice of the American women and the housekeepers of the Nation. In this bill we put an extra tax on liquor, which may be all right, and on cigarettes, which may be all right, and on gambling, which is all right, too. But in addition to this we go out and take the little lead pencil that a child uses in school and put a tax on it. We are going to put taxes on a lot of these things and take money away from our people which have not been taxed before. And at the same time we run the income tax on personal incomes up to 94½ percent on an individual who has a big income, and we run the tax up on the corporations until they can hardly exist any longer. But they say, "Well, we need the money."

We ask, What for? They say, "For Korea." It is not right to hide behind that. There is not a man or woman in this House who would not vote the last dollar of this Nation's money for the boys in Korea if that was necessary. But there is a lot of money down there in the Treasury. And when we come to economy we should watch where the money is being spent so far as the military of the country is concerned. There is a lot of waste there. You talk to any man on either side who is a military man and you will find that he is of the same opinion. A half dozen of them have told me recently that much of the money spent by the military is wasted. But nobody says a word about that, we do nothing about it. That is where Mr. Truman and General Marshall could do some real economizing.

Mr. Chairman, I hope we will defeat this bill, send it back to the committee and let that committee come back with a bill that is consonant with the voice of the Nation and of the people.

Mr. Chairman, recently I made a series of speeches on the floor of this House. The subject of these speeches were:

First. The Government Is Spending too Much Money.

Second. The Government Is Giving Away Entirely too Much Money.

Third. The Government Is Lending Entirely too Much Money.

Mr. Chairman, I could add to this list by saying the Government is taxing the people out of entirely too much money.

Mr. DOUGHTON. Mr. Chairman, I yield 20 minutes to the gentleman from California [Mr. KING].

Mr. KING. Mr. Chairman, for 4½ months your Committee on Ways and Means has had under consideration the bill that is now before the House. For 4½ months perhaps the most complicated and involved legislative proposal that has been before the Congress in many years was considered, debated, and passed out. The taxing establishment of our Government is probably the greatest, the largest, and most involved system in the entire world. To say that it is debatable, is to put it mildly. Men and women in the country really do not realize to what extent taxation in our country is debatable. So long as it remains debatable on a good, sound, argumentative basis, how debatable it is is not important, but when claims and innuendo enter into a proposition as important as the financing of this effort is concerned, then it becomes serious. We have just heard considerable said about withholding, withholding on salaries of those who work, and as this bill anticipates, withholding on those who earn their livelihood by methods other than work.

Mr. Chairman, most of us have already forgotten that it was the development of a system of withholding on wages and salaries which made it possible for us during World War II to make the income tax generally applicable. Without a system of collection at source we could not have expected the great bulk of the population consisting of those in the middle- and lower-income groups to budget their finances to the degree necessary to pay the large income taxes imposed during and since World War II. Moreover, the withholding system, by collecting the actual amount of tax due on wages and salaries, had the effect of immeasurably increasing the equity of the individual income tax by assuring that all individuals with wages or salaries would report this income for tax purposes with a high degree of accuracy.

Without these two advantages of a collection at source system I believe that most fiscal authorities will agree that it would have been impossible for us to raise anything like the revenue we did during World War II.

Now, in this bill we are taking another great step forward by instituting a withholding system on most dividends and certain interest and royalty payments. This is another substantial advance toward securing equality of treatment for all taxpayers. The need for withholding in these areas is indicated by the estimates that at the present time there is in excess of a billion dollars of dividend payments which should be reported for tax purposes but is not, that there is nearly $2,000,000,000 in the case of interest and $40,000,000 in the case of royalties that should be reported, but is not. As stated in the report on this tax bill, it is anticipated that the introduction of collection at source on dividends and certain interest and royalty payments will increase tax collections with respect to this $3,000,000,000 of unreported income by $323,000,000 a year. This does not represent the imposition of new tax burdens on anyone. To the contrary, it merely means that for the first time it will be possible to collect the actual tax already due in the case of many dividend, interest, and royalty recipients.

It is difficult to see how anyone in this day of high taxes can object to the introduction of a system which will assure the most equitable distribution of the tax burden, yet there have been objections, and, in fact, a provision approved by the House last year in the Revenue Act of 1950 was bitterly opposed by some of my Republican friends on the committee and was finally deleted from the bill by the other body. The chief objection raised was that the institution of a withholding system on dividends would mean too much paper work for both the corporation paying the dividends and the stockholder receiving them. Although it has not been shown that any more paper work would have been involved for dividend recipients than is already true in the case of wage and salary earners, your committee has taken this complaint seriously. As a result the withholding system provided by H. R. 4473 for dividends and certain interest payments is a streamlined and simplified system. Although in the case of wages and salaries the employer is required to give the employee a receipt showing the amount of withholding, and the employee is required to attach this receipt to his income-tax return, no such paper work is involved in the case of the dividends and interest payments withheld upon.

It has been found possible to introduce a simplified and streamlined withholding system in the case of dividends and interest payments by using a flat 20-percent withholding rate. Under this system a corporation paying dividends simply sends the stockholder 80 percent of the dividends declared, and the remaining 20 percent is sent to the Bureau of Internal Revenue, together with a return showing the total amount of dividends withheld upon. The corporation will not find it necessary to compute the 20 percent with respect to each dividend payment, but need only multiply the total dividends declared by 20 percent. Thus the return to the Government in the case of dividends will be much simpler than that now used on wages and salaries, since the amount held from each individual stockholder will not need to be shown. Moreover, the corporation will not need to furnish withholding receipts to the stockholder as the employer now does to the employee in the case of withholding on wages and salaries. Thus, the withholding system provided by this bill is indeed a simple system from the standpoint of the corporation paying the dividends. It is in fact far simpler than the system already used by employers in withholding on wage and salary payments to employees.

From the viewpoint of the stockholder the withholding system provided by this bill also is much simpler than the system now used by wage and salary workers. No receipt forms need to be obtained from the corporation and attached to the tax return form when it is filed. Rather, under this simplified system, the stockholder will simply record on his return form the 80 percent of the dividends he has actually received. The next line on the return form will tell him to take one quarter of this 80 percent which, of course, is 20 percent of the dividend payment. The 80 percent and 20 percent of the dividends are then added together and the taxpayer thus has a complete reporting for tax purposes of his entire dividend payment. Moreover, the 20 percent figure also represents the amount which he can take as a credit against his tax after it is computed in the same manner as is now provided in the case of withholding on wages and salaries.

Having overcome the necessity for paper work in the case of a system of withholding on dividends, which was the chief complaint made against the withholding provision last year, you would think that everyone would be sufficiently interested in securing greater equity in the tax system to at least then support a system of withholding on dividends. However, this has not been the case. Now, new reasons are found for opposing collection at source in the case of dividend payments. It is said that if it is unfair in the case of those few stockholders who do not owe any tax to withhold 20 percent during the year even though this money is refunded to them after the end of the year. Usually when this statement is made the length of time required to obtain a refund is considerably exaggerated. The minority report on this point, for example, indicates that "around the middle of the following year they will, if a proper claim for refund is made, be reimbursed." However, the actual facts of the case are that it will be possible for the individual eligible for a refund to file such a claim around the first of January. If he does so, I am told that he can expect his refund back within 15 or 20 days instead of the 6 months implied by the minority report.

However, even here the committee's bill has found a way of relieving part of these taxpayers from the burden of having funds temporarily withheld from them. In the case of tax-exempt organizations receiving dividends, the bill specifically authorizes them to offset withholding on their dividends by not sending in to the Government an equivalent amount that they themselves have withheld on their employees with respect to the employee's income or social security taxes. Moreover, if even this should not be sufficient, these organizations are permitted to file claims for refunds at the end of each quarter of their calendar year instead of waiting until the entire year has elapsed.

I, too, wish we could find some way of making it unnecessary for the Government to hold even temporarily this 20 percent with respect to individuals who will owe no tax. However, it has not as yet, at least, been possible to develop any such system. I hope, however, that a system of this type can be worked out in the future.

In any case I do not see how the plight of the stockholder who owes no tax, yet is withheld upon, is any worse than that of the low-income wage earner who is withheld upon but owes no tax. It is estimated, for example, by the Treasury Department that the system of withholding on dividends and certain payments of interest provided by this bill will result in the temporary withholding of taxes not due in the case of slightly over two million additional interest and dividend recipients. In the case of wages and salaries, we already have 10,000,000 individuals who are withheld upon but owe no tax. Yet I have heard no clamor against the withholding system as a whole because of this, and, therefore, it is difficult for me to see why there should be the clamor against withholding on dividends when a much smaller number of additional taxpayers owing no taxes will have amounts temporarily withheld. I personally am concerned about this temporary overwithholding but I do not see why it is any more serious in the case of the stockholder than it is in the case of the wage earner. In any case, however, I hope that eventually it will be possible to work out some system of refunds during the year so that this will not be necessary. But if such a system can be worked out, I see no reason to apply it to stockholders and not to wage earners.

In this bill a withholding system is provided for almost all dividends. In the case of interest payments, however, the withholding system is primarily limited to interest payments made by corporations with respect to their bonds. The withholding system does not extend to interest payments on Government savings bonds, bank accounts or similar accounts. The committee believed that withholding would represent too big a chore to the banks in these cases. To me this appears unfortunate. With the simplified and streamlined system outlined by this bill I do not believe that withholding would have been difficult in the case of these other types of interest

payments. Moreover, largely through forgetfulness and carelessness I believe that there is a substantial amount of underreporting in this area. In view of this I believe that after the simplicity of the system provided by this bill in the case of dividends is generally better understood, that the objections to withholding on these other forms of interest payments can also be overcome. I suspect, in fact, that the banks might find this easier than making reports to the Government on interest payments on individual accounts. The Secretary of the Treasury would, in fact, require a detailed report from each bank on interest payments to each depositor, no matter how small the payment.

Mr. Chairman, the withholding provisions of the bill constitute a major improvement in the interest of equity and enforcement of the tax laws.

Mr. REED of New York. Mr. Chairman, I yield 20 minutes to the distinguished gentleman from Nebraska [Mr. CURTIS].

Mr. CURTIS of Nebraska. Mr. Chairman, in the early days of our Republic it was declared that the power to tax is the power to destroy. That declaration had a far broader meaning than was then realized. The power to tax carries the power to destroy anything anywhere. This great American economic system can be destroyed by taxation. The question is at what time does this process of destruction become so great that the likelihood of turning back becomes hazardous?

That time is now. This bill will be a disastrous blow to our economy under any circumstances. It is a bar to production, jobs and growth in America. Taxes are now too high. The Government's take in every transaction at the present time makes the Government the biggest partner in the citizen's business. This bill adds to and accelerates this destructive trend.

President Truman wants to spend $71,000,000,000 in the fiscal year that will begin the first of July. This is approximately six times more than the Roosevelt administration spent in any year prior to our involvement in World War II. It is 12 times the annual cost of the Government in the highest year prior to the Roosevelt administration. The Truman program of global spending is a millstone around the neck of every productive citizen. Unless it is reversed it will confiscate the property of the "haves" and freeze forever the status of the "have nots."

This Government has no right to impose further taxes on the people and refuse to cut the cost of government. There are too many Federal programs. We must go further than merely eliminating the inefficient and unnecessary activities of the Federal Government. We must cut out some good things that we can either get along without or that can be handled by the local governments or by the citizens themselves. We are in a jam today, faced with a question of our survival because of the false philosophy that the Federal Government could take care of everything. Apostles of destruction have taught that the Federal Government should assume all of the responsibility and supply all the wants and needs for the individual. Such a thing is an impossibility. The Government cannot give security but it can make its citizens paupers and slaves of the state in such an effort.

Those misguided individuals who have proceeded on the theory that the United States can spend without limitation have brought the country to greater danger than any foreign enemy. They have invited a sell out by both individuals and by the sovereign States of their basic rights and freedoms in return for a portion of the Federal treasure.

To most people a pay-as-you-go system is a two-sided proposition. The first and most essential is a reduction of expenditures and secondly, the raising of the necessary revenue to pay those expenditures. The Truman administration recklessly and thoughtlessly demands more and more of the taxpayers to keep up with their political spending. You just cannot keep up with them. The Committee on Ways and Means worked for 6 months trying to write this bill. They hunted in vain for places to find revenue. It involves about $7,000,000,000. This $7,000,000,000 will be hard for the American taxpayers to dig up. Yet, without batting an eye, Mr. Truman in recent weeks has asked for $8,500,000,000 more in foreign-aid programs.

These expenditures have not brought peace to the country. There is no peace in sight. They have by their dangerous spending put the United States on both sides of every conflict that has occurred in the world in the last 12 years. We started out to help little Finland; later on American material and equipment was furnished the Russians to fight Finland. This policy continues today. The Truman administration has ignored the mandate of Congress to stop sending aid to nations that are supplying Red China with military equipment that is being used to kill the finest and best young men on the face of the earth. The Truman spenders are still working both sides of the street.

The American Revolution was a revolt against taxes. Those men were not resisting locally imposed taxes for police, schools, and other essential elements of Government. They resisted taxes that were imposed upon them to support Europe. This Congress is going to find out that the spirit of the Revolution is not dead and that the American taxpayers today can and will resist.

I am thankful that the American people are great protestors. They still have the courage to criticize. They are in no sense docile. They are willing to fight back. This spirit of independence can and will be aroused again to resist the taxes that are at this time destroying the greatest economic system ever devised by man.

What we need is more resistance. The taxpayers need to rise up and drive out the spenders and preserve our economic system that has given more good things to more people over a longer period of time than any other economic system in history.

Do not let it be said that this tax bill is a curb on inflation. It will promote inflation. Take for instance the manufacturers' excise tax of 20 percent on mechanical pencils and pens. If the manufacturers' cost of a pencil is now 25 cents it will raise it to 30 cents. The distributor and the retailer will figure their percentage mark-up on this new increased price. Is that going to be inflationary or deflationary?

Under our present system of withholding the taxes on wages the emphasis has been placed on the take-home pay. By increasing the individuals' direct income taxes by one-eighth will this naturally cause a demand for more take-home pay?

When we tax corporations we know that they will be taking more money away from their customers through higher prices. When the corporate rate was 38 percent, management had to make $1.68 profit in order to have $1 profit left for the shareholders. This bill raises the rate to 52 percent. This means that the corporation's management in order to have a $1 profit for the company will have to make a profit of about $2.11. The only way to do this is to raise prices. Will this be inflationary? The above 52-percent rate is exclusive of the excess-profits tax which is also increased in this bill.

The over-all ceiling on the corporate tax is fixed at 70 percent of the total income. The situation will exist in many cases, however, where the income above a certain point will be taxed at an effective rate of 82 percent. In other words, out of every dollar of new profit made, the Government will get 82 cents and the owners of the corporation 18 cents. What inducement will there be for the corporation to hold-down their production costs when the Government will in effect be paid 82 percent of it? A corporation might as well go ahead and spend lavishly because after all they will only be spending 18-cent dollars. Some corporations may hoard manpower because their tax situation is such that the cost of such a wasteful procedure will be borne largely by the Government. This is most inflationary. It is not just a theory. It is something that will increase the cost of living for millions of American families.

If this bill is enacted it will mean that taxes have been increased by $17,000,000,000 in the last 12 months. The Tax Act of 1950 wiped out the percentage reduction on individual income taxes made by the Republican Eightieth Congress. This bill proposes to further increase the individual income tax rate by 12½ percent. This is going to be especially burdensome on people of low income.

Take the case of a married person with two dependents whose income is $3,000 per year. A year ago their Federal income tax amounted to $432. With the enactment of this measure it will be $585 or an increase within 1 year of over 35 percent. The taxes for a married person with two children on an income of $5,000 at the rates that prevailed a year ago amounted to $974. If this bill

is enacted it will be $1,296. This is likewise an increase of over 35 percent in 1 year.

When the New Deal came to power the personal income tax exemption was $1,000 as to the normal tax and $6,000 for the surtax. Today it is $600 for both. The only time that it has been raised since 1933 was when the Republican Eightieth Congress increased the personal exemption from $500 to $600. Due to the Government-made inflation the $600 personal exemption now has a purchasing power of far less than that amount.

Most taxes are passed on to the consumer. There are many individuals, however, who cannot pass their taxes on to somebody else. I refer to individuals on a fixed salary—retired people living on assistance, a small pension or their own savings, and farmers. Recently a minister wrote and asked how he could send two children to college on a salary of $2,700 a year in light of the present inflation and high taxes? This man's problem is going to become more difficult with the passage of this bill. It places a very heavy burden on the rank and file of our people who live on small incomes. Mr. Chairman, I wish to insert a table showing the effect of this bill in reference to the individual income tax rates:

SINGLE PERSON, NO DEPENDENTS

Income after deductions but before exemptions	A year ago	Under H. R. 4473	Tax increase
$600			
$800	$33	$45	$12
$1,000	66	90	24
$1,500	149	203	54
$2,000	232	315	83
$3,000	409	549	140
$5,000	811	1,062	251
$8,000	1,546	2,003	457
$10,000	2,124	2,741	617
$15,000	3,894	5,004	1,110
$20,000	6,089	7,810	1,721
$25,000	8,600	11,021	2,421
$50,000	23,201	29,687	6,486
$100,000	58,762	74,831	16,069
MARRIED COUPLE,[1] NO DEPENDENTS			
$1,000			
$1,500	$50	$68	$18
$2,000	133	180	47
$3,000	299	405	106
$5,000	631	855	224
$8,000	1,206	1,593	387
$10,000	1,621	2,124	503
$15,000	2,829	3,668	839
$20,000	4,247	5,481	1,234
$25,000	5,877	7,565	1,688
$50,000	17,201	22,041	4,840
$100,000	46,403	59,373	12,970
MARRIED COUPLE,[1] 2 DEPENDENTS			
$2,000			
$3,000	$100	$135	$35
$5,000	432	585	153
$8,000	974	1,296	322
$10,000	1,361	1,791	430
$15,000	2,512	3,263	751
$20,000	3,888	5,022	1,134
$25,000	5,476	7,052	1,576
$50,000	16,578	21,245	4,667
$100,000	45,643	58,401	12,758

[1] Income earned by one spouse.

Spenders in Government have always tried to convey the idea that someone other than the rank and file of the people paid the bill. This is quite untrue. It is very apparent that the men and women who work and produce are the ones who must pay the bill.

Even before enactment of H. R. 4473 confiscating all normal and surtax net income over $10,000 will yield only an additional $3,500,000,000 in taxes—or just enough to pay for the Truman budget for 18 days.

Confiscating all normal and surtax net income over $26,000 will produce only an additional $713,000,000 in taxes—or just enough to pay for the Truman budget for 4 days.

Confiscating all normal and surtax net income over $100,000 would yield only an additional $39,000,000 in taxes—or just enough to pay for the Truman budget for 5 hours.

This pending bill increases the ordinary normal tax on corporations by 5 percentage points. In addition, the so-called excess-profits tax is increased in this bill.

An idea of the increased tax imposed by H. R. 4473 over the tax burden just 12 months ago on various size corporations, even though they have no increased earnings, is shown below:

Earnings	Tax a year ago	Tax under H. R. 4473	Percentage increase
$25,000	$5,750	$7,500	30.4
$50,000	19,000	24,250	27.6
$100,000	38,000	59,500	42.0
$200,000	76,000	125,000	49.0
$500,000	190,000	297,500	54.0
$1,000,000	380,000	595,000	55.0
$10,000,000	3,800,000	5,950,000	56.0

This pending measure also contains provisions for the withholding of taxes on dividends, royalties, and in some cases on interest. This means that before a corporation can pay out money for dividends that they must take 20 percent of that amount and remit it to the Federal Government. This will be done even though the individual owning some of that stock and who is entitled to the dividend owes no taxes. I can best point this up by citing a paragraph in the minority report which is as follows:

"If the flat 20-percent withholding provided for in this bill is to become law, then it seems to us that at the very least additional attention should be directed to the serious problem of preventing the unjust enrichment of the Government at the expense of the people who owe no taxes. For example, an elderly couple may have interest from corporate bonds and a few dividends which bring in $800 a year and together with the husband's retirement pay have a yearly income of $2,400. This couple will have no tax liability but they will be out of pocket $160 next year as the result of withholding 20 percent on their $800. Sometimes, around the middle of the following year they will, if a proper claim for refund is made, be reimbursed the $160, but of course, by that time approximately one-half of this amount will already have been withheld on the current year's dividends, and by the end of the year they will be out of pocket the full $160 all over again. The continuous withholding by the Government of an amount equal to approximately 10 percent of this couple's investment income will go on each year until they die or dispose of their investment."

This bill increases the excise taxes upon the American people by $1,252,000,000. In the field of highway transportation alone the increased burden amounts to half a billion dollars. This is accounted for in the following manner:

½-cent-a-gallon increase in the Federal gasoline tax	$210,000,000
2-cent-a-gallon gasoline tax to be applied to Diesel fuel	10,000,000
The increase of from 7 to 10 percent of the excise tax on automobiles and motorcycles	196,000,000
Increased tax on trucks, trailers and busses	61,000,000
The increased tax on automotive parts	56,000,000

The above figures are only the amount of the increase. They do not show the present Federal taxes. In addition to that, automobiles and gasoline are taxed heavily by every State in the Union and by some cities.

A number of additional items are selected under this bill for the imposition of excise taxes. Some of these new taxes were imposed by the committee even though the industries involved were not notified of the pending action at the time the public hearings were being conducted. They had no chance to explain how a particular excise tax might affect their industry. Such procedure should be frowned upon.

Soon after the war, corporation taxes were reduced. Later on the Eightieth Congress made a reduction in individual income taxes. A reduction of World War II excise taxes has been long overdue. The effect of the passage of this measure is to freeze these wartime taxes on certain selected items. Some of those taxes were put on for the express purpose of retarding production. The continuation of these wartime excise taxes has not only been disastrous to many industries but very unfair. For instance, the World War II tax on furs of 20 percent has had its adverse effect not only on the employees engaged in the manufacturing of furs but on the dealers and the fur farmers. Even during the war, the question could rightly be asked—why should a $200 fur coat have a special tax of $40 when a $200 cloth coat had no tax of that kind? If the Federal Government expects to raise huge sums in excise taxes they should not attempt to do so by high taxes on a few selected items. There should be a greater uniformity of treatment for all industries.

Mr. Chairman, President Truman should have brought about a drastic reduction of expenditures before asking the Congress to increase the burdens of the already overtaxed citizens. This is not a question of the citizens declining to pay their portion of the cost of the Federal Government. This measure must be judged in the light of its effect upon our total economy. We cannot continue high tax rates like this and preserve our system of private enterprise in a strong, healthy, and expanding economy.

Mr. REED of New York. Mr. Chairman, I yield 7 minutes to the gentleman from Illinois [Mr. SHEEHAN].

Mr. SHEEHAN. Mr. Chairman, the tax bill under consideration is, in my estimation, a Socialist's dream to help

bring on socialism without revolution. The present-day Socialists are smart enough to know that they can socialize income by the use of punitive taxation and thus liquidate the middle-class people of America. The once modest corporation and income taxes have been gradually raised to pay for wars and so-called defense projects; to finance farm subsidies; to extend aid to foreign countries, and to advance the social reforms of Roosevelt, Truman, and the give-away Democratic Party.

Aristotle, Leo XIII, the writers of the Constitution and the Federalist papers all knew the importance of the middle-class people to the welfare of a country. As Aristotle pointed out, the most perfect political community is one in which the middle class predominates. The successive boosts in income taxes, estate and gift levies are reaching the point of confiscation because the left-wing liberals think there is something unsocial in leaving something for your wife and children. These fake liberals want a leveling process and the liquidation of the middle class so that everyone is on the same plane without regard for ability, thrift, or willingness to work.

The taxation purge is the Socialist-Communist war of extermination against the middle classes. No Socialist regime can exist in a country that has a middle class or in which the spark of middle-class ideals can survive. Where Socialists are in power or want to achieve power, they now conduct—like our Korean War—a war of attrition, by gradually limiting property through confiscatory taxes.

Big government, big business, and big labor get bigger. This eventually makes it easier for big government to take over big business and big labor. Meanwhile the middle class is ground between big business and big labor. The middle class receives a decreasing proportion of the apparent increase in national wealth while it pays an increasing proportion of the very real skyrocketing tax burden. The main characteristic of the middle class is its independence or self-reliance. By saving a part of one's earnings one could provide against a day when earnings may cease to provide for sickness, to provide for old age, to give to charity.

But when people must depend on the Government for these responsibilities the middle class will no longer exist. They will be discouraged to a point where they will no longer fight for their ideals and we will find representative government on the way out.

The tax law voted by the House Ways and Means Committee follows closely the recommendations of the top officers of the CIO and I feel that the great majority of the CIO members do not know they are being taken for a Socialist ride. The political sting from taxes is far less when the tax burden is shifted to the middle class and to business and the committee has taken this course. I, personally, question the motives of this CIO tax bill, especially when I realize that a former leading legal mind in this CIO clique, formerly a darling of the Socialist followers of the Fair Deal, is a self-confessed Communist who will not reveal the names of his fellow Communists. I question their motives because one of their leading officers who is a Marxist Socialist took a course of study in Russia and no one has yet accused him of taking this Russian course as a sleuth for the United States Government.

Taxes not only raise money but cut deeply into our economy. We should not attempt an unjust equalization of income and thus weaken our capitalistic system. Yet this is exactly what the Socialists want to do. Devise every spending plan possible, make the taxes higher and higher, make the individual place more dependence on the state and then you kill initiative and private enterprise, and make the state or socialism supreme.

That is what the present tax bill is doing because the Democratic administration has not given us a real economy budget and I will, therefore, have to voice the will of the majority of my constituents and vote against this socialistic tax bill.

Mr. DOUGHTON. Mr. Chairman, I yield 15 minutes to the gentleman from New Mexico [Mr. DEMPSEY].

Mr. DEMPSEY. Mr. Chairman, I have asked for this time more to get information than for any other reason, because I am somewhat confused. Recognizing as we all do that a tax bill is not easy to write—I have never seen one yet that suited everybody, and I am sure this one does not—I do want it known that I have great confidence in the chairman and the other members of the committee. I think they have done a splendid job and done the best they could under existing circumstances. But I do regret that the bill was not delayed until after the appropriation bills were acted upon. I say that because of the cuts we are making in the appropriation bills which should have some effect on how much money we must appropriate for the Federal Government.

I also feel that in appropriating the moneys we now are, it is not for the purpose that the Constitution decreed, that is, the upkeep and maintenance of the Federal Government. There is so much of this money being appropriated for redistribution to countries throughout the world that I am getting a little fearful.

The steady increase in excise taxes is a very disturbing thing. We are asking now for $1,252,000,000 more in excise taxes. We already have more than $8,000,000,000 in excise taxes, and I think this brings the total amount up to about $11,000,000,000 in that form of tax.

The excise tax is the most vicious of all taxes because it is a hidden tax and you do not know what you are paying. Back in the early thirties we had no such thing as an excise tax. Now we have so many I do not think a member of the Committee on Appropriations or of the Committee on Ways and Means, or anyone in the Treasury Department knows half of them.

I was quite concerned a few months ago, after listening to a broadcast on a national network from California. The gentleman who was conducting the program was Mr. Walter O'Keefe. He had what we call a "jackpot question." The question was: How many concealed taxes are there in one pair of shoes? The different ones said 3, 5, or 10. One man got up and said 75. They all laughed, and they had trouble getting order. The answer was that there are 502 hidden excise taxes involved in the sale of a pair of shoes.

Then I began to realize the difference between the pair of shoes I used to purchase in 1938–39, which cost me about $8, and which now cost me $22. The only difference in the shoe is that it is not as good as the one I bought in 1939. The difference in cost is entirely due to the excise taxes.

Mr. BUDGE. Mr. Chairman, will the gentleman yield?

Mr. DEMPSEY. I yield.

Mr. BUDGE. I am wondering if the gentleman has noted that this bill carries a new excise tax on bedsheets and pillowcases. Apparently our taxes are even going to bed with us now.

Mr. DEMPSEY. Well, they have been going to bed with us for a long, long time if our subconscious mind works at all. The laboring man, until recent years, did not have too much difficulty in purchasing an automobile. An automobile today is not a luxury conveyance, it is a necessity. Workingmen use it to go to work and bring the children to school and do other things that are necessary.

In the great State of New Mexico which I am privileged to represent, about the only transportation you can depend upon there is that which we provide for ourselves. We have no trolley cars, thank God. We have very few busses, except the transcontinental busses going from California to New York City and Chicago. So we provide our own transportation. It is the fourth largest State in the Union, covering 122,000 square miles. The distances between towns are great, oftentimes more than 50 miles. We must provide transportation. In the old days, a Ford car or a Chevrolet or a Plymouth sold for about $1,000 or $1,200. Today they run from $1,800 to $2,100, largely because of excise taxes.

I notice in this bill that the people in the brackets from $1,000 to $5,000 will pay $1,081,000,000 in additional taxes. Those are the same people who will pay a goodly portion of the excise taxes, and I am fearful when this bill becomes law that the laboring people will call the attention of the employers to the fact that they must have more money. They can show the need. There will not be any question about the need. When they do, they will get an increase. When that happens, the farmer says, "What about my parity? It must be increased."

I do not want to see the dollar go down lower than it is. It is worth about 40 cents now. If it goes down to 25 cents, I would rather be in favor of taking the likeness of that great American bird, the eagle, off of it and putting a little sparrow on instead, because I do not like to embarrass the American eagle.

What we snould be doing is to increase the purchasing power of the dollar, rather than decreasing it. All of this propaganda that you hear in certain quarters around Washington, which says that this inflation is due to the spending of the laboring class and that if you take

the money away from them in taxation you will eliminate inflation, is pure nonsense. Inflation was created and is going on now because of the extreme spending of the Federal Government and the wasteful manner in which it was expended. I am not going into detail about some of these things, because we have too many investigations going on now to suit me. We have so many that our people are beginning to question our form of government. I think it is the greatest government that any nation in this world has ever had. I want to see it preserved. I am not so sentimental that I would say to you, in part, that which I was going to say.

I think every dollar we need for the defense of this Nation or to help those who help us win this terrific conflict should be spent, but I am not naive enough to say or to think that when you give a man in uniform billions of dollars to spend and he has had no previous experience in purchasing, that you will achieve the greatest efficiency along that line. I think the men who represent the purchasing department of the armed services ought to be men of great ability along that line. You do not learn that in West Point or Annapolis. There you learn to have great military knowledge. We certainly recognize that such military knowledge has been used well in the various conflicts in which we have been engaged.

I am greatly disturbed about this bill. I am also disturbed about the immense effort put in by the distinguished Ways and Means Committee, all honorable and fine men, all doing the best job they can. But I sometimes wonder if we should completely take the word of those who desire to see us appropriate large sums of money until such time as we know what we can appropriate and what we can spend. The Federal Government is not much different from the State or even the individual's home, except that it has the power to tax. But the barrel is getting empty, as I visualize the situation today in the financial world, and I think our Government, like the head of a household, should look at his funds unless he wants to go into debt.

Our great chairman has told us there are three ways to meet this tax situation.

One is to pass this bill. Another is to cut appropriations. I have seen the chairman vote to cut appropriations around here, and I know how he feels about it. He would like to see every appropriation, in my opinion, cut to the bone, as I would. But unfortunately, he does not have all the power to do that; a lot of it rests in the agencies, and a lot rests with Members of Congress. The agencies and departments cannot spend more than we allow them to spend. I think sometimes we do not investigate the situation except to appropriate. I think that the heads of the committees of this great house of Congress should not only appropriate the moneys, but also they should follow through to a conclusion on how the moneys have been expended. That is part of the job. This is one of the most serious things we have to do. This session we have the greatest, the largest group of appropriation bills ever passed in the Congress of the United States, I am told.

Mr. STEFAN. Mr. Chairman, will the gentleman yield?

Mr. DEMPSEY. I shall be glad to.

Mr. STEFAN. I like the gentleman's approach on the income and outgo of our fiscal program. The gentleman at the outset of his very remarkable and edifying statement indicated that he would like to know what we are going to appropriate before we start charging the people for the expense of Government.

Mr. DEMPSEY. That is true.

Mr. STEFAN. If we knew today what we were actually going to appropriate, what the decreases were going to be, if any, in any appropriation bill, I believe the Ways and Means Committee could come to this House today with a bill for taxes much reduced over the bill presented today. I read the report very carefully and I noted that the committee in one instance indicated how much we have obligated ourselves to spend. The President's budget asked for more than $71,000,000,000-plus, but our obligations and appropriations according to the latest figures in the Committee on Appropriations will run over $94,000,000,000.

I also notice in one part of the report that the reductions in appropriations at this time on bills considered in the House run something over a billion and a half dollars. My figures as a member of the Committee on Appropriations indicate that our reductions made in the House up to this time have run very close to $3,000,000,000, taking in the Jensen amendment and other amendments.

Then there is another reduction that we effected. We had a bill in here amounting to $6,500,000,000, a supplemental bill for the Defense Establishment. The first request came for $10,000,000,000 but when it left the House it was a little over $6,000,000,000, so another reduction was made by a conference between the Appropriations Committee and the agencies submitting that bill trimming it from $10,000,000,000 to $6,000,000,000-plus.

The total reduction, therefore, has been around $6,000,000,000, taking into consideration the defense reduction as the result of that conference. There will be more reductions because we have $8,500,000,000 in the machinery now, plus the $60,000,000,000 bill for defense which will soon come before us, and there will be other reductions.

Why could we not hold this tax bill over as intimated by the distinguished gentleman from New Mexico until these appropriation bills are passed and we can actually measure the outgo and income of Government finances? What would the gentleman say to that?

Mr. DEMPSEY. I would like to see that, but we must consider that at this time of the year you would ordinarily expect the appropriation bills to have been acted upon, but the Senate because of so many investigations has not gone as far as the House has.

Mr. STEFAN. They are writing a concurrent resolution now to furnish the departments money through extending resolutions. The gentleman knows that when the Senate gets this bill it will never come out of the Senate until some time in September perhaps, probably later, and it will be very much amended. Your appropriation bills are delayed not due to the fault of members of the Appropriations Committee, I assure the gentleman.

Mr. DEMPSEY. I am not critical of the Appropriations Committee or any other committee. I think we are all doing the best we can.

Mr. STEFAN. We have plenty of time so that we should know how much money we are going to appropriate before this bill is passed by the Senate.

Mr. DEMPSEY. When you say that a man is earning $5,000, that seems in terms of 1935 and 1936, a sufficient amount to take care of him and his wife, and perhaps a child or two, but with today's high pirces where a dollar will only purchase about 40 percent of what it once did, that $5,000 does not go quite so far.

The CHAIRMAN. The time of the gentleman from New Mexico has expired.

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman two additional minutes.

Mr. DEMPSEY. Mr. Chairman, I want to say a few words about the gasoline tax. Today we have a tax on gasoline of 1½ cents, we have a tax on lubricating oils and various other items that a car needs in order to perform. We are adding another half cent. The total income last year from taxes on various automobile accessories amounted to $1,450,000,000 to the Government. Those taxes were levied solely for the purpose of permitting the Federal Government to participate in road building in the various States. Some of the States did not have sufficient money to do this work themselves. We wanted a uniform road system throughout the United States and that was the method selected. It was a good method. No one should complain about that.

But the Federal Government is expending for roads today only $531,000,000 of that more than one and one-half billion dollars. A lot of that goes to forest roads, which is all right, too. But the Federal Government is diverting nearly a billion dollars to other purposes. We are adding a half cent more which will also be diverted. The strict rule of the Federal Bureau of Public Roads is that you cannot divert moneys collected in the respective States from gasoline taxes for road-building purposes, and if you violate that rule you will be denied Federal participation. Then they, themselves, divert all of this Federal tax money, or most of it. As a matter of fact, the States would be better off to levy their own gasoline taxes and go on their own rather than to have the Federal Government do it.

This is not the fault of the Ways and Means Committee. I am simply telling you what occurs when you earmark a tax for a specific thing in Washington as compared to doing it in the States.

The CHAIRMAN. The time of the gentleman from New Mexico has again expired.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from New York [Mr. ANFUSO].

Mr. ANFUSO. Mr. Chairman, I have this day introduced a bill to establish in the Bureau of Customs the United States Customs Port Patrol and the United States Customs Border Patrol in order to improve the enforcement of the antismuggling laws.

This bill is principally directed against the smugglers of narcotics into the United States. Its purpose is to apprehend the drug before it gets into the country and thus robbing the smuggler of the great profit he would have derived from its sale in this country.

We all know that all narcotics originate outside our boundaries. The very abundant supply in the possession of thousands of individual peddlers throughout the country clearly indicates the necessity of tightly closing the doors of entry of the illegal traffic from planes, ships, and across our borders.

Imposing severe jail sentences on the peddlers will not prevent the traffic, because the business is too lucrative. Imposing the death sentence would be futile because no jury would enforce such a law against a small peddler while the big pin operating outside this country is left unpunished.

Besides, it must be borne in mind that the peddler of narcotics is usually an addict himself and a sick person. He needs medical treatment.

This bill will get at the smuggling racket at the source.

I want to take this opportunity to give credit for this proposed legislation to two individuals who have labored with me on it since April 23, 1951, when a statement was put in the CONGRESSIONAL RECORD by me that a bill would be forthcoming. They are Col. Charles I. Stengle, former Member of Congress, now legislative representative of Government Employees, and Lynn H. Fairfax, publicity director of Lodge No. 981 of the American Federation of Government Employees, himself a patrol officer for more than 25 years. Mr. Fairfax deserves a great amount of praise because he has made several trips to Washington at his own expense to sponsor this bill, and has also contacted many large organizations in this country which have been clamoring for an antismuggling bill.

Every Member of Congress will receive a copy of this bill, and it is hoped that all will join in its early passage.

The bill provides as follows:

A bill to establish in the Bureau of Customs the United States Customs Port Patrol and the United States Customs Border Patrol in order to improve the enforcement of the antismuggling laws

DECLARATION OF PURPOSE

SECTION 1. It is the purpose of this act to increase the efficiency and effectiveness of the Bureau of Customs, Department of the Treasury, in the administration of the laws relating to the prevention of the smuggling of articles, particularly narcotic drugs, into the United States, and, for such purpose, to establish by law in the Bureau of Customs two major law-enforcement bodies with adequate personnel and with the most efficient means and facilities available, including, where necessary, radio-equipped motor vehicles, small watercraft, and aircraft, for use in patrol work in harbors and along the coasts and other borders of the United States.

ESTABLISHMENT OF UNITED STATES CUSTOMS PORT PATROL

SEC. 2. There is hereby established in the Bureau of Customs, Department of the Treasury, a major law-enforcement body, to be known as the United States Customs Port Patrol, which shall be under the supervision of the Commissioner of Customs, and shall be charged with the duty of enforcing the antismuggling laws, and the laws of the United States in general. There shall be in each port a division of the United States Customs Port Patrol. Each such division shall have as its head a chief Customs Port Patrol supervising officer, and such number of subordinate supervising officers and other Customs Port Patrol officers as the Commissioner of Customs deems necessary to enable such division to perform its functions under this act.

FUNCTIONS OF UNITED STATES CUSTOMS PORT PATROL

SEC. 3. (a) Customs Port Patrol officers shall be assigned to every pier and dock where any vessel from a foreign country or any vessel carrying cargo from a foreign country has berthed. Such assignment shall continue without interruption on a 24-hour basis as long as any foreign cargo remains on such vessel and as long as any such cargo unladen from any such vessel remains on the pier or dock.

(b) Customs Port Patrol officers shall be assigned to every pier and dock where persons are disembarking from any vessel which has arrived from a foreign country.

(c) Customs Port Patrol officers shall be assigned, on a 24-hour basis, to every airfield used as a landing field by aircraft engaged in the transportation of passengers or freight to or from any foreign country.

(d) It shall be the duty of Customs Port Patrol officers so assigned under subsections (a), (b), and (c) to enforce, under the direction of Customs Port Patrol supervising officers, the antismuggling laws, and to perform such other related work as may be prescribed by the Commissioner of Customs.

(e) Customs Port Patrol officers are authorized and empowered, under the direction of Customs Port Patrol supervising officers, to make searches, including searches of all types of seagoing vessels, and to make seizures and arrests, in accordance with the laws of the United States and regulations of the Secretary of the Treasury.

(f) As used in this section, the term "pier and dock" and the term "pier or dock" includes any landing place prescribed as a landing place for manually operated or self-propelled small watercraft operating as marine taxis, and making contact with a seagoing vessel at anchor, which has arrived from any foreign country or which has any foreign cargo aboard.

REPORT OF EXPECTED DATE AND TIME OF ARRIVAL OF VESSELS

SEC. 4. It shall be the duty of the owner or operator of each vessel bound from any foreign country to a port of the United States to inform the customhouse at such port, or the customhouse nearest to such port, of the expected date and time of arrival of such vessel, taking into account weather and navigating conditions. Such information shall be supplied at least 24 hours in advance of the expected date and time of arrival of the vessel and in accordance with such regulations as the Commissioner of Customs may prescribe. Each such owner or operator who fails to report such information as provided in this section shall be fined $500.

ESTABLISHMENT OF UNITED STATES CUSTOMS BORDER PATROL

SEC. 5. There is hereby established in the Bureau of Customs, Department of the Treasury, a major law-enforcement body, to be known as the United States Customs Border Patrol, which shall be under the supervision of the Commissioner of Customs, and shall be charged with the duty of enforcing the antismuggling laws, and the laws of the United States in general. The United States Customs Border Patrol shall be organized in such manner as the Commissioner of Customs may prescribe, and shall consist of such number of supervising officers and other Customs Border Patrol officers as the Commissioner deems necessary to enable such Border Patrol to perform its functions under this act.

FUNCTIONS OF UNITED STATES CUSTOMS BORDER PATROL

SEC. 6. (a) It shall be the duty of Customs Border Patrol officers to make frequent patrols, by day and by night, on foot or on horseback, by motor vehicle, small watercraft, or aircraft, or by other means, along the coasts and other borders of the United States, in order to prevent and detect violations of the antismuggling laws, and the laws of the United States in general.

(b) Customs Border Patrol officers are authorized and empowered to make searches, seizures, and arrests in accordance with the laws of the United States and regulations of the Secretary of the Treasury.

AUTHORIZATION TO CARRY FIREARMS

SEC. 7. Customs Port Patrol officers and Customs Border Patrol officers are authorized and empowered to carry firearms in the performance of their duties under this act.

DISSEMINATION OF INFORMATION TO PERSONNEL OF THE CUSTOMS PORT PATROL AND THE CUSTOMS BORDER PATROL

SEC. 8. (a) The Commissioner of Customs shall establish such procedure as may be necessary to provide accurate and concise information, on a current basis, to all personnel of the Customs Port Patrol and the Customs Border Patrol with respect to all laws and regulations relating to the performance of their respective functions and all amendments and revisions of, and changes in, such laws and regulations.

(b) It shall be the duty of the Commissioner of Customs and of all supervising officers in the Bureau of Customs to transmit to all personnel of the Customs Port Patrol and the Customs Border Patrol information received from any investigative agency of the Federal Government or from any other source with respect to any suspected violation of any of the antismuggling laws.

AUTHORIZATION OF APPROPRIATIONS

SEC. 9. There are hereby authorized to be appropriated from time to time such sums as may be necessary to carry out the purposes of this act.

Mr. REED of New York. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. CUNNINGHAM].

Mr. CUNNINGHAM. Mr. Chairman, I am glad I follow the gentleman from New Mexico, as, in my opinion, he made a very excellent speech about this bill.

Mr. Chairman, this bill is not a tax bill. It is an increase-in-the-cost-of-living bill. I want to refer to the deception in this bill and when I say "deception" I am not criticizing the Ways and Means Committee. I know of no 25 Members we could get who would do as good a job as the present members of the Ways and Means Committee. When I refer to the deception in the bill, I am aware of the fact that there probably has never been a tax bill in the Congress or in any State legislature that was not full of deception. This bill, however, seems to be almost 100 percent deception. Again I want to say, there is no

criticism of the committee; it could not do otherwise with the conflicting views that must have been presented to it by the various witnesses during 4½ months.

But, what do I mean by "deception?" The workingman, the low-income worker, every citizen, is being deceived by this bill. This bill, as I understand, provides 12½ percent increase in the taxable income of individuals. Then it provides several increases on corporations. The fact of the matter is that increase on corporations will not be paid by a single one of the corporations. It is going to be paid by the average citizen. The workingman, everyone who goes to the store and buys anything that he uses or eats, will pay the increase in corporate taxes provided in this bill.

The distinguished gentleman from New Mexico made reference to the increase of one-half cent a gallon on gasoline. Who will pay that half cent? The man or the woman who drives the automobile. You wait until that tax goes on, and the price of gasoline will go up all over the United States just exactly one-half cent per gallon and the oil companies will not pay it.

This bill provides for one cent per package increase on cigarettes. The tobacco companies, the manufacturers of the cigarettes are not going to pay that one cent per package. The price of the package of cigarettes will go up one cent per package the day that tax becomes effective and the smoker or the consumer of the cigarettes will pay it.

It provides for a 7 to 10 percent increase in the tax on new automobiles. I ask you who will pay that tax? Will the automobile companies pay it? No. The purchasers of the automobiles, whether it be a Ford, Chevrolet, Cadillac, or Buick. It will not be paid by the automobile companies. I could go on through this bill with every item, and it is nothing but deception. It is kidding the people into believing that someone else is paying the tax that in fact they are paying. Next week we expect to have before this body a price-control law or a bill to extend that law, the purpose of which will be to hold down prices. I ask you how can the price administrator fail to grant the manufacturer, the wholesaler, the jobber and the retailer an increase to offset the additional taxes that are provided in this bill?

Again, I say it is no particular criticism of this bill. It applies to any tax bill. Some years before I came to the Congress I was a member of a committee of the State Legislature which drafted our present State sales-tax law. We spent a lot of time on that bill and a lot of research. Among other documents that came to us was a statement put out by the Ford Motor Co. telling the amount of money it had received from the sale of 1,000,000 cars in the first 11 months of the previous year. This statement showed that the Ford Motor Co. received $745,000,000 for 1,000,000 cars or $745 per car. It then went ahead to break down this money and show where it went, what the Ford Motor Co. did with the money it received for those automobiles. Approximately $300 per car went for labor; a certain item for paint; another for upholstery; another for tires and tubes; another for batteries; another for glass, wiring and the like, and a certain amount for income on the investment of the company. But, the last item was the interesting one: $145,000,000 for taxes paid by the Ford Motor Co. or $145 per car. Who paid those taxes? Did the corporation known as the Ford Motor Co. pay them? Not one penny of them. Who did pay them? The people who bought the Fords. Who bought the most Fords? The working man, the farmer, the low-income wage earner. Yet there seems to be existent in our country a philosophy among our people that this Congress can impose more and more taxes on corporations and business and thereby they will be saved from paying these taxes. We are only kidding them when we do that, because the corporations do not pay the taxes.

I am so glad the gentleman from New Mexico preceded me, because he made the observation that he heard on some quiz program on the radio that in a pair of shoes there are 502 hidden taxes. I did not know the number was that large.

I recall 15 years ago when we worked on our tax bill out home the figures we had then, put out by the research department of the University of Iowa, were that on the average product all together there were 5.2 different taxes the purchaser paid. So the consumer does now, always has, and always will pay all taxes. There is no escape from it. You cannot write a tax bill where the consumer ultimately will not pay the taxes unless it be a capital levy tax.

Under this bill, there is not a person in the United States that can avoid paying taxes unless he spends not one penny, except those in our penal institutions and other institutions where everything is provided for them, because under this bill any time anyone goes to the store to purchase anything he is going to pay some of the taxes provided for in this bill.

I realize that such an observation is of little value except for one purpose. The distinguished gentleman from Ohio [Mr. JENKINS] rather alarmed me when he said, "I hope this will be the last tax bill. I am afraid it will be the last tax bill. It ought to be the last tax bill."

I believe I know what he was thinking. We have reached the saturation point. We cannot have another tax bill of this kind and survive. He hates to go to a sales tax. So do I, and I am not advocating it at this time. But apparently he and other members of the committee are thinking that if we again have to raise taxes some alternative will have to be found.

Therefore my suggestion to the Committee is this, that when that time comes let us throw everything we have out the window and start fresh from the bottom and build a tax program, out in the open, that will not kid anyone, that will not have so many indirect taxes, so everyone in the United States will know exactly what he is being taxed and not be fooled by it as he is being today under this bill and all other bills. I submit to you it can be done.

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. ALBERT, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H. R. 4473) to provide revenue, and for other purposes, had come to no resolution thereon.

HOUR OF MEETING TOMORROW

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet at 11 o'clock tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

GENERAL LEAVE TO EXTEND

Mr. REED of New York. Mr. Speaker, I ask unanimous consent that all Members who have spoken on the tax bill in committee may be permitted to insert extraneous matter, such as tables, in their remarks, which they requested at the time.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

PROPOSAL TO DISPERSE AMERICAN INDUSTRIAL PLANTS

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and revise and extend my remarks and include certain extraneous matter.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, as I understand it, a dispersal plan has been recommended by a group in the other body which would prevent new industry from coming into areas where industries already exist. In Massachusetts we have industries that are flourishing and growing there. We also have some war industries, not enough. It seems to me, Mr. Speaker, very much like a plan that Henry Wallace had when he was the Secretary of Labor, which would make of Massachusetts—and he told me this very thing, and I believe it is also to be found in one of his books—a recreational State.

If our industrial plants are to be moved away and our labor moved away, that is exactly what will happen. It is an extremely dangerous thing, and I, for one, shall move to kill any measure which has that for its purpose. It is very bad for the whole country. The transplanting of labor and the removal of our plants and the prevention of industries coming into certain areas of the country would be very bad and would also greatly retard our war production.

PROPOSAL TO DISPERSE AMERICAN INDUSTRIAL PLANTS

Mr. EBERHARTER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. EBERHARTER. Mr. Speaker, I heard today of a very astounding plan, which has been suggested. It is the most astonishing thing that has been proposed for some time, in my opinion. It is a proposal to scatter the industries of this country out on the plains and deserts where there are no natural resources and no skilled labor and no transportation facilities available. Furthermore, such a plan could only be put into effect through the expenditure of Government money. It is one of those things that I can hardly believe. Think, for example, of establishing a steel mill on the desert, or taking the great electrical industry and moving it out to some area where there is no skilled labor and perhaps no railroads and no water. I understand that actually such a proposal has been accepted in a committee, and I hope the membership of the House, Mr. Speaker, will mean a great loss to all the districts volved in a suggestion of that kind.

Mrs. ROGERS of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. EBERHARTER. I yield.

Mrs. ROGERS of Massachusetts. I understand that such a report has already been made and it is exactly to the effect that the gentleman has said. It will mean a great loss to all the districts that now have industries. It will mean the transplanting of labor and a great reduction in the prosperity of those areas and in the taxes which those areas contribute to the welfare of the Nation.

Mr. EBERHARTER. It certainly could not be done without the expenditure of vast sums of governmental money on uneconomic programs.

Mrs. ROGERS of Massachusetts. Like Mr. Wallace's plan to make a recreation center of New England instead of an industrial center.

Mr. EBERHARTER. Exactly.

The SPEAKER. The time of the gentleman from Pennsylvania has expired.

EXTENSION OF REMARKS

Mr. THOMPSON of Texas asked and was given permission to extend his remarks and include an article.

Mr. JUDD asked and was given permission to extend his remarks in three instances and include extraneous matter.

Mr. REES of Kansas asked and was given permission to extend his remarks and include an article.

Mr. VAN ZANDT (at the request of Mr. MARTIN of Massachusetts) was given permission to extend his remarks and include an editorial.

Mr. PATTERSON asked and was given permission to extend his remarks in three instances and include three editorials.

Mr. OSTERTAG asked and was given permission to extend his remarks and include an editorial.

Mr. MARTIN of Iowa asked and was given permission to extend his remarks and include some tables on Federal expenditures and receipts.

Mr. FLOOD (at the request of Mr. LIND) was given permission to extend his remarks and include an editorial.

Mr. EBERHARTER asked and was given permission to extend his remarks and include a communication from the Washington Post of June 21, 1951, entitled "MacArthur in Texas."

Mr. ROOSEVELT (at the request of Mr. EBERHARTER) was given permission to extend his remarks and insert an editorial from the New York Post.

Mr. RABAUT asked and was given permission to extend his remarks and include a newspaper item.

Mr. ENGLE (at the request of Mr. MILLS) was given permission to extend his remarks and include extraneous matter.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. HAYS of Arkansas (at the request of Mr. TRIMBLE), until Wednesday, June 27, 1951, on account of official business.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 929. An act to amend section 6 of the Central Intelligence Agency Act of 1949.

ADJOURNMENT

Mr. MILLS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 1 minute p. m.), under its previous order, the House adjourned until tomorrow, Friday, June 22, 1951, at 11 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

544. A letter from the Acting Librarian of Congress, transmitting the Annual Report of the Librarian of Congress for the fiscal year ending June 30, 1950, as well as a complete set of the Quarterly Journal of Current Acquisitions, the Supplements to the Annual Report; to the Committee on House Administration.

545. A letter from the Secretary of Agriculture, transmitting a draft of a proposed bill entitled "A bill to amend and extend the Sugar Act of 1948, and for other purposes"; to the Committee on Agriculture.

546. A letter from the Assistant Secretary of the Interior, transmitting copies of various acts and resolutions adopted by the Legislature of Hawaii during its recent session; to the Committee on Interior and Insular Affairs.

547. A letter from the Archivist of the United States, transmitting a report on records proposed for disposal and lists or schedules covering records proposed for disposal by certain Government agencies; to the Committee on House Administration.

548. A letter from the Secretary of State, transmitting a draft of a proposed bill entitled "A bill for the relief of certain officers and employees of the Foreign Service of the United States who, while in the course of their respective duties, suffered losses of personal property by reason of war conditions and catastrophes of nature; to the Committee on the Judiciary.

549. A communication from the President of the United States, transmitting the budgets for the fiscal year 1952 in the amount of $238,784,000 for administrative expenses of defense production activities (H. Doc. No. 172); to the Committee on Appropriations, and ordered to be printed.

550. A communication from the President of the United States, transmitting the budget for the fiscal year 1952 in the amount of $31,800,000 for the Selective Service System (H. Doc. No. 173); to the Committee on Appropriations, and ordered to be printed.

551. A communication from the President of the United States, transmitting the budget for the fiscal year 1952 in the amount of $535,000,000 for the Federal Civil Defense Administration (H. Doc. No. 174); to the Committee on Appropriations, and ordered to be printed.

552. A communication from the President of the United States, transmitting a proposed supplemental appropriation for the fiscal year 1952 in the amount of $870,000 for the District of Columbia (H. Doc. No. 175); to the Committee on Appropriations, and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

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

Mr. DAWSON: Committee on Expenditures in the Executive Departments. S. 718. An act to authorize the lease and purchase by the United States of the Young Men's Christian Association Building and premises in Phoenix, Ariz.; without amendment (Rept. No. 633). Referred to the Committee of the Whole House on the State of the Union.

Mr. HARRIS: Committee on the District of Columbia. H. R. 4431. A bill to extend and revise the District of Columbia Emergency Rent Act; with amendment (Rept. No. 634). Referred to the Committee of the Whole House on the State of the Union.

Mr. BOGGS of Louisiana: Committee on Ways and Means. H. R. 3490. A bill to amend the penalty provisions applicable to persons convicted of violating certain narcotic laws, and for other purposes; with amendment (Rept. No. 635). Referred to the Committee of the Whole House on the State of the Union.

Mr. COOLEY: Committee on Agriculture. H. R. 4475. A bill to amend the Agricultural Adjustment Act of 1938, as amended; without amendment (Rept. No. 636). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

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

By Mr. ANFUSO:

H. R. 4544. A bill to establish in the Bureau of Customs the United States Customs Port Patrol and the United States Customs Border Patrol in order to improve the enforcement of the antismuggling laws; to the Committee on Ways and Means.

By Mr. BAILEY:

H. R. 4545. A bill to provide for Federal financial assistance to the States and Territories in the construction of public elementary and secondary school facilities; to the Committee on Education and Labor.

By Mr. BERRY:

H. R. 4546. A bill to provide for the education, medical attention, relief of distress, and social welfare of Indians in the State of South Dakota; to the Committee on Interior and Insular Affairs.

By Mr. COOLEY:

H. R. 4547. A bill to amend the Defense Production Act of 1950; to the Committee on Banking and Currency.

By Mr. CELLER:

H. R. 4548. A bill to amend the Immigration Act of February 5, 1917, to safeguard the internal security by regulating the discharge of alien seamen in the United States, and for other purposes; to the Committee on the Judiciary.

By Mr. CLEMENTE:

H. R. 4549. A bill to establish a hospital for juvenile drug addicts; to the Committee on Interstate and Foreign Commerce.

By Mr. BATTLE:

H. R. 4550. A bill to provide for the control by the United States and cooperating foreign nations of exports to any nation or combination of nations threatening the security of the United States, including the Union of Soviet Socialist Republics and all countries under its domination, and for other purposes; to the Committee on Foreign Affairs.

By Mr. CAMP:

H. R. 4551. A bill to provide for the acquisition of a site for the new Federal building in Newnan, Ga., adjoining the existing Federal building there as an economy measure before land value has increased as a result of land improvement; to the Committee on Public Works.

By Mr. LUCAS:

H. R. 4552. A bill to establish a Wage Stabilization Board, to define its functions, and for other purposes; to the Committee on Banking and Currency.

By Mr. SHAFER:

H. R. 4553. A bill granting cost-of-living increases to certain members and former members of the Armed Forces who are now or hereafter receiving or entitled to receive retired, retirement, or equivalent pay by reason of physical disability; to the Committee on Armed Services.

By Mr. CELLER:

H. J. Res. 274. Joint resolution to provide for the continuation of operations under certain mineral leases issued by the respective States covering submerged lands of the Continental Shelf, to encourage the continued development of such leases, to provide for the protection of the interests of the United States in the oil and gas deposits of said lands, and for other purposes; to the Committee on the Judiciary.

By Mr. LANTAFF:

H. Con. Res. 125. Concurrent resolution providing a Code of Ethics for Government Service; to the Committee on Post Office and Civil Service.

By Mr. BOYKIN:

H. Con. Res. 126. Concurrent resolution providing a Code of Ethics for Government Service; to the Committee on Post Office and Civil Service.

By Mr. BOLLING:

H. Res. 265. Resolution to provide for a Select Committee on Problems of the Aging; to the Committee on Rules.

By Mr. CASE:

H. Res. 266. Resolution to provide for a Select Committee on Problems of the Aging; to the Committee on Rules.

By Mr. HESELTON:

H. Res. 267. Resolution to provide for a Select Committee on Problems of the Aging; 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 State of Wisconsin, memorializing the President and the Congress of the United States relative to their senate joint resolutions Nos. 35, 43, and 44; to the Committee on Post Office and Civil Service.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. ANFUSO:

H. R. 4554. A bill for the relief of Caterina Ruello; to the Committee on the Judiciary.

By Mr. BERRY:

H. R. 4555. A bill for the relief of St. John's McNamara Hospital; to the Committee on the Judiciary.

H. R. 4556. A bill for the relief of Black Hills General Hospital; to the Committee on the Judiciary.

By Mrs. BOSONE:

H. R. 4557. A bill for the relief of Serojini Dongre Harris; to the Committee on the Judiciary.

By Mr. DONOHUE:

H. R. 4558. A bill for the relief of Mrs. Alberta S. Rozanski; to the Committee on the Judiciary.

By Mr. GRANAHAN:

H. R. 4559. A bill for the relief of Dikran Keuleyan; to the Committee on the Judiciary.

By Mr. KLEIN:

H. R. 4560. A bill for the relief of Zsigmund Goldman; to the Committee on the Judiciary.

By Mr. LANTAFF:

H. R. 4561. A bill for the relief of Norberto Linaza Yrigoyen and Maria Josefa Maseda Lopez; to the Committee on the Judiciary.

By Mr. MULTER:

H. R. 4562. A bill for the relief of Olga Rubin Donn; to the Committee on the Judiciary.

By Mr. O'BRIEN of Illinois:

H. R. 4563. A bill for the relief of Mrs. Fany Meletopoulou and Helen Meletopoulou; to the Committee on the Judiciary.

By Mrs. ROGERS of Massachusetts:

H. R. 4564. A bill for the relief of Frida Adelheid Pinschke; to the Committee on the Judiciary.

By Mr. VAIL:

H. R. 4565. A bill for the relief of Herman J. Koehl and Lambert Graulich; to the Committee on the Judiciary.

By Mr. WHARTON (by request):

H. R. 4566. A bill for the relief of Dr. Laszlo Sima; to the Committee on the Judiciary.

By Mr. WIER:

H. R. 4567. A bill for the relief of Roy Sakai; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII:

324. Mr. HOPE presented a resolution adopted by the Kansas Master Farmers protesting the limitations on slaughter of cattle as imposed by the Office of Price Stabilization which was referred to the Committee on Banking and Currency.

SENATE

FRIDAY, JUNE 22, 1951

(Legislative day of Thursday, June 21, 1951)

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

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

Almighty God, who has bidden the light of the day to shine out of the darkness of the night, we would still our hearts for this hallowed moment as we bow for the benediction of Thy loving kindness in the morning; for—

"New mercies each returning day,
Hover around us while we pray."

Grant us this day the grace to live on the altitudes of our aspirations. Solemnize our hearts with the responsibility of ability, as our America plays her awesome role in this decisive day. As servants of Thine and of the Nation and of the peoples of this shattered earth, fear-haunted, stricken, exploited, starving, save us from false choices and guide our hands and minds to heal and build and bless. We ask it in the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. MCFARLAND, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, June 21, 1951, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILL

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on June 22, 1951, the President had approved and signed the bill (S. 1025) to expand the authority of the Coast Guard to establish, maintain, and operate aids to navigation to include the Trust Territory of the Pacific Islands.

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. MAYBANK, and by unanimous consent, the Committees on Armed Services and Foreign Relations, meeting jointly, were authorized to meet this afternoon during the session of the Senate.

EXCLUSION FROM GROSS INCOME OF INCOME FROM DISCHARGE OF INDEBTEDNESS—ORDER OF BUSINESS

Mr. McFARLAND. Mr. President, yesterday evening, before the Senate took a recess, the senior Senator from Ohio [Mr. TAFT] made a motion to reconsider the vote by which House bill 2416, Calendar 305, relating to exclusion from gross income of income from discharge of indebtedness was passed. I thought at that time we could take up the motion and dispose of it today. I had, however, made definite statements to Members on both sides of the aisle that we would not have a record vote today, because I thought at that time that we were not going to be in session today. So in order to keep faith with those Members I ask unanimous consent that whatever business may be before the Senate on Tuesday, may it be temporarily laid aside, and that the motion by the Senator from Ohio be made the unfinished business until disposed of.

The VICE PRESIDENT. Without objection—

Mr. LONG. Mr. President, reserving the right to object; do I correctly understand that there is no present pending business before the Senate?

Mr. McFARLAND. No; there is not.

Mr. LONG. There is no pending business.

Mr. McFARLAND. No.