

**Those Who Invoke the Fifth Amendment
Should Not Be Permitted To Serve the
Government**

EXTENSION OF REMARKS

OF

HON. KENNETH B. KEATING

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, July 1, 1954

MR. KEATING. Mr. Speaker, today I am introducing a bill which would make a plea of the fifth amendment, by any Federal employee or former employee, ground for dismissing him and barring him from any further Federal service if the employment is current, and for terminating any pensions or other benefits, if he is no longer so employed. Enactment of such a bill has been requested by the national executive committee of the American Legion. This measure is modeled after the New York law on this subject.

I understand that, as a matter of practice, anyone who hides behind the fifth amendment while he is in the Government service loses his job. But this should be written into law. This proposal is an important part of the whole pattern of laws which we have been developing to deal better with Communists, subversives, and other undesirables in the Federal Government. I realize it is too late to expect action at this session but hope the proposal may receive early attention in the next Congress.

Any Government official or employee who is hired to serve the American public and who then refuses to answer questions before a court or congressional committee about the conduct of his office, the performance of his duties, or his own qualifications for his post, ought to be discharged forthwith and should certainly be disqualified from holding any other office thereafter. And anyone who is receiving pensions and

benefits for prior service in the Government ought to have them taken away if he refuses, on the same grounds, to discuss his conduct or responsibilities while he was so employed.

We have had a law which provides substantially this in my own State of New York for many years. Enactment of a similar Federal law would loosen the tongues of some reluctant witnesses and would smoke out of their hiding places others who ought not to be in Government jobs.

The purpose of the bill is not in any sense to compel public officials to incriminate themselves by their own testimony, but only to drive dishonest and unfaithful persons out of the public service. Anyone can still plead his fifth amendment privilege, if he wishes. But nobody can make that plea about his fitness to hold office and then go right on in the office he was being queried about. He cannot say to the public, whom he is supposed to be serving, "If I told you the truth about myself and the way I am doing this job on the public payroll, I would disclose a crime—but that is no reason for turning me out of my job." Under these circumstances, the plea always amounts to an admission that he has something to hide about the way he has done his job, and that is certainly enough to warrant applying the forfeitures this bill provides.

The bill is carefully drawn, with respect to the forfeiture of benefits, so that it would not entail loss of any funds which an employee has actually paid in under the Civil Service Retirement Act. These funds actually belong to the employee and should not be forfeited by him, any more than by any other person who has such credits and leaves the Government service without claiming or being entitled to an annuity.

I believe this measure will be very effective in separating sheep from goats in the important work of weeding out disloyal, unfit, and defaulting employees on the Government payroll. Honest persons will have an additional incentive

to speak up and clear themselves, while those who have things to conceal will be more quickly exposed and more surely dealt with.

I congratulate the American Legion on its sponsorship of this bill and am happy to join with this fine patriotic organization in this effort.

A copy of the measure is as follows:

A bill to prescribe penalties applicable to present and former officers and employees of the United States who refuse to testify concerning matters relating to their public office or employment

Be it enacted, etc., That (a) any officer or employee of the United States or any department or agency thereof who refuses to testify upon matters relating to his office or employment, or his qualifications therefor, in any proceeding wherein he is a defendant or is called as a witness, upon the ground that his answer may tend to incriminate him or compel him to be a witness against himself, or who refuses so to testify on such ground when called by a grand jury or a congressional committee, shall forfeit his office or employment and any emolument, perquisite, or benefit arising therefrom, and be disqualified from holding any office of honor, profit, or trust under the United States.

(b) Any former officer or employee of the United States or any department or agency thereof, who refuses to testify upon matters relating to his former office or employment, or his qualification therefor, in any proceeding wherein he is a defendant or is called as a witness, upon the ground that his answer may tend to incriminate him or compel him to be a witness against himself, or who refuses so to testify on such ground when called by a grand jury or a congressional committee, shall forfeit any emolument, perquisite, or benefit arising from such former office or employment, and be disqualified from holding any office of honor, profit, or trust under the United States.

(c) In the event of forfeiture of any annuity or retirement pay, the amount paid into an annuity or retirement fund, less any funds previously refunded or paid as annuity benefits, shall be returned to the payor or his legal representatives with interest at 4 percent per annum to December 31, 1947, and 3 percent per annum thereafter, compounded on December 31 of each year.

SENATE

FRIDAY, JULY 2, 1954

The Senate met at 10 o'clock a. m. The Chaplain, Rev. Frederick Brown Harris, D. D., offered the following prayer:

O God, whose spirit searcheth all things and whose love seeketh us even through pain and loss, incline our hearts to draw near to Thee in sincerity and truth. In the living present Thou dost speak through the deeds and lips of those whose lives are moved with compassion at the want and woe of their fellows.

Again we come with heavy hearts as our Nation mourns the loss of a servant of Thine and of the Republic, who, across devoted years in this temple of democracy, with fidelity and understanding, served his fellow man in a tempestuous time. Such as he, lifted above the crowd in private living and public

thinking as they faithfully serve their day and generation and then fall on sleep, speak to us in their life and in their death, reminding us that honesty, kindness, and selfless toil are the steps to true distinction.

We are mindful on this day of our mourning for the loss of a loved colleague that not only in the halls of legislation did he serve, but that in business relationships he practiced his religion; that he freely gave his time and energy to great organizations which strive to bind men together in enduring brotherhood; that he dedicated his counsel to educational and church leadership, and extended the hand of active assistance to those who with Christlike compassion lift up the underprivileged and the fallen. Leaving an enduring record of public devotion and the benediction of a noble character, now that for him the busy world is hushed, vouchsafe to him, O Lord, light and peace and joy in the life everlasting. Amen.

THE JOURNAL

On request of Mr. KNOWLAND, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, July 1, 1954, was dispensed with.

**MESSAGES FROM THE PRESIDENT—
APPROVAL OF BILLS AND JOINT
RESOLUTIONS**

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 the President had approved and signed the following acts and joint resolutions:

On June 28, 1954:

- S. 171. An act for the relief of Mrs. Irma Benjamin;
- S. 234. An act for the relief of Thomas Szabo;
- S. 235. An act for the relief of Rev. Armando Fuoco;
- S. 347. An act for the relief of George Taipale;

S. 366. An act for the relief of Sister Conception (Ida Riegel);

S. 428. An act for the relief of Dr. Chih Chiang Teng;

S. 518. An act for the relief of Sister Marie Therese De Galzain;

S. 614. An act for the relief of Eero and Tina and Karina Waskinen;

S. 629. An act for the relief of Igor Michael Bogolepov (alias Ivar Nyman) and Margaret Johanna Bogolepov (alias Margaret Johanna Nyman);

S. 740. An act for the relief of Santa Muciaccia (Sister Maria Fridiana), Teresa Saragaglia (Sister Maria Eutropia), and Caterina Isonni (Sister Maria Giovita);

S. 757. An act for the relief of Frank Bastinelle;

S. 809. An act for the relief of Vittoria Sperati;

S. 860. An act for the relief of Juanita Andrade Lach and Leticia Androda Lach;

S. 924. An act for the relief of Sofia B. Panagoulopoulos Kanell;

S. 929. An act for the relief of Cleopatra Stavros Milionis;

S. 930. An act for the relief of Martin Anthony Beekman;

S. 1112. An act for the relief of Letizia Maria Genoveffa Lo Bianco;

S. 1128. An act for the relief of Fermo Breda;

S. 1155. An act for the relief of Giuseppe Bentivegna;

S. 1156. An act for the relief of Dr. Jagannath P. Chawla;

S. 1290. An act for the relief of Ruth Sonin;

S. 1301. An act authorizing the Secretary of the Interior to issue a patent in fee to Lucy Yarlett Othermedicine;

S. 1395. An act for the relief of Manasseh Moses Manoukian, Elize Manoukian, nee Kardzair, and Socrat Manoukian, also known as Socrates Manoukian;

S. 1478. An act for the relief of Chung Keun Lee (Thung Kuen Lee);

S. 1594. An act for the relief of Berenice Catherine Montgomery;

S. 1682. An act for the relief of Branimir V. Popovitch and Mila B. Popovitch;

S. 1696. An act for the relief of Dr. Mourad Arnoux;

S. 1955. An act for the relief of Giorgio Salvini Thompson;

S. 2360. An act for the relief of Jacob Vandenberg;

S. 2438. An act for the relief of Maria Teresa Rossi;

S. 2450. An act for the relief of Lt. Hayden R. Ford; and

S. 2596. An act for the relief of Lucy Mao Mei-Yee Li.

On June 29, 1954:

S. 129. An act to amend the act of August 30, 1935 (49 Stat. 1049), authorizing the Chippewa Indians of Wisconsin to submit claims to the Court of Claims;

S. 2742. An act to amend the act of August 21, 1951, relating to certain payments out of Ute Indian tribal funds;

S. 2777. An act to provide transportation on Canadian vessels between Skagway, Alaska, and other points in Alaska, between Haines, 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;

S. 2844. An act to amend the act of December 23, 1944, authorizing certain transactions by disbursing officers of the United States, and for other purposes;

S. 3103. An act to amend the act of January 12, 1951, as amended, to continue in effect the provisions of title II of the First War Powers Act, 1941;

S. 3364. An act to amend the act of October 31, 1949 (63 Stat. 1049); and

S. J. Res. 167. Joint resolution to amend the National Housing Act, as amended, and for other purposes.

June 30, 1954:

S. 1665. An act to amend the Federal Credit Union Act;

S. 2845. An act to amend section 3528 of the Revised Statutes, as amended, relating to the purchase of metal for minor coins of the United States;

S. 3318. An act to provide for a continuance of civil government for the Trust Territory of the Pacific Islands;

S. 932. An act to equalize the treatment accorded to commissioned officers of the Veterinary Corps with that accorded to commissioned officers of other corps of the Army Medical Service, and for other purposes;

S. 2212. An act for the relief of Alma S. Wittlin-Frischauer; and

S. 3481. An act to amend sections 23A and 24A of the Federal Reserve Act, as amended.

On July 1, 1954:

S. 2802. An act to further encourage the distribution of fishery products, and for other purposes; and

S. J. Res. 72. Joint resolution to authorize the Secretary of Commerce to further extend certain charters of vessels to citizens of the Philippines, and for other purposes.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, announced that the House had agreed to a concurrent resolution (H. Con. Res. 249) expressing the sympathy of Congress to the people of Texas and Mexico who have been stricken by the Rio Grande flood, in which it requested the concurrence of the Senate.

ENROLLED JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled joint resolution (H. J. Res. 553) to amend the act of June 30, 1954 (Private Law 495, 83d Cong.), and it was signed by the President pro tempore.

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. MARTIN, and by unanimous consent, the Subcommittee on the Judiciary of the Committee on the District of Columbia was authorized to meet during the session of the Senate today.

ORDER FOR TRANSACTION OF ROUTINE BUSINESS

Mr. KNOWLAND. Mr. President, even though the Senate is meeting after an adjournment rather than after a recess, I ask unanimous consent that after a short executive session, and immediately following a quorum call, there may be the customary morning hour for the transaction of routine business, under the usual 2-minute limitation on speeches, before the Senate proceeds to further consideration of the tax bill, H. R. 8300, under the unanimous-consent agreement.

The PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE SESSION

Mr. KNOWLAND. Mr. President, I move that the Senate proceed to the consideration of executive business for action on new reports, down to the nominations of postmasters, but I ask that at this time the Senate not consider the nominations of postmasters.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

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

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

The PRESIDENT pro tempore. If there be no reports of committees, the clerk will state the nominations on the Executive Calendar, under the heading new reports.

DIPLOMATIC AND FOREIGN SERVICE

The Chief Clerk read the nomination of Sheldon T. Mills, of Oregon, to be Ambassador Extraordinary and Plenipotentiary to the Republic of Ecuador.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Waldemar J. Gallman, of New York, to be Ambassador Extraordinary and Plenipotentiary to Iraq.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

TREASURY DEPARTMENT

The Chief Clerk read the nomination of William H. Brett, of Ohio, to be Director of the Mint.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

ST. LAWRENCE SEAWAY DEVELOP- MENT CORPORATION

The Chief Clerk read the nomination of Lewis G. Castle, of Minnesota, to be Administrator of the St. Lawrence Seaway Development Corporation.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

INTERSTATE COMMERCE COMMISSION

The Chief Clerk read the nomination of John H. Winchell, of Colorado, to be Interstate Commerce Commissioner.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

FEDERAL TRADE COMMISSION

The Chief Clerk read the nomination of Robert Thompson Secrest, of Ohio, to be Federal Trade Commissioner.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

IN THE ARMY

The Chief Clerk proceeded to read sundry nominations in the Army.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the nominations in the Army be confirmed en bloc.

The PRESIDENT pro tempore. Without objection, the Army nominations are confirmed en bloc.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the President be immediately notified of all confirmations of today.

The PRESIDENT pro tempore. Without objection, it is so ordered, and the President will be immediately notified.

LEGISLATIVE SESSION

Mr. KNOWLAND. I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

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

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

The Chief Clerk proceeded to call the roll.

Mr. KNOWLAND. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDENT pro tempore. Without objection, it is so ordered.

EXECUTIVE COMMUNICATIONS, ETC.

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

CHARTER OF FEDERAL FACILITIES CORPORATION

A letter from the Secretary of the Treasury, transmitting, for the information of the Senate, a copy of the charter of the Federal Facilities Corporation, created under the authority of Executive Order No. 10539, and section 10 of the Rubber Act of 1948 (with an accompanying paper); to the Committee on Banking and Currency.

AUDIT REPORT ON BUREAU OF ENGRAVING AND PRINTING, TREASURY DEPARTMENT

A letter from the Acting Comptroller General of the United States, transmitting, pursuant to law, an audit report on the Bureau of Engraving and Printing, Treasury Department, for the fiscal year ended June 30, 1953 (with an accompanying report); to the Committee on Government Operations.

REPORT ON CAUSES AND CHARACTERISTICS OF THUNDERSTORMS AND OTHER ATMOSPHERIC DISTURBANCES

A letter from the Secretary of Commerce, transmitting, pursuant to law, a report on causes and characteristics of thunderstorms and other atmospheric disturbances, prepared by the Chief of the Weather Bureau, for the fiscal year 1954 (with an accompanying report); to the Committee on Interstate and Foreign Commerce.

LAWS ENACTED BY MUNICIPAL COUNCIL OF ST. THOMAS AND ST. JOHN, V. I.

A letter from the Assistant Secretary of the Interior, transmitting, pursuant to law, copies of laws enacted by the Municipal

Council of St. Thomas and St. John, V. I. (with accompanying papers); to the Committee on Interior and Insular Affairs.

PROPOSED RENEWAL OF CONCESSION PERMIT, OLYMPIC NATIONAL PARK, WASH.

A letter from the Assistant Secretary of the Interior, transmitting, pursuant to law, a proposed renewal of a concession permit for the operation of certain facilities within Olympic National Park, Wash. (with accompanying papers); to the Committee on Interior and Insular Affairs.

PROPOSED AWARDS OF CONCESSION PERMITS

Three letters from the Assistant Secretary of the Interior, transmitting, pursuant to law, proposed awards for concession permits in Great Smoky Mountains National Park, Tenn., Mount Rainier National Park, Wash., and Grand Teton National Park, Wyo. (with accompanying papers); to the Committee on Interior and Insular Affairs.

FETITIONS

Petitions were laid before the Senate, and referred as indicated:

By the PRESIDENT pro tempore:

A concurrent resolution of the Legislature of the State of Louisiana, relating to the price of sugar; to the Committee on Agriculture and Forestry.

(See concurrent resolution printed in full when presented by Mr. LONG, on July 1, 1954, p. 9420, CONGRESSIONAL RECORD.)

A letter in the nature of a petition from Local Union 2398, United Steelworkers of America, Philadelphia, Pa., signed by Vincent J. Mancusco, president, and Walt Pelliach, recording secretary, transmitting a copy of a concurrent resolution adopted by the Legislature of the State of Pennsylvania, relating to the establishment of safeguards to prevent the lowering of the American standard of living, the labor standard of workmen, and the stability of our economy by unfair import competition; to the Committee on Finance.

PROPOSED HEALTH INSURANCE PROGRAMS—TELEGRAM

Mr. CLEMENTS. Mr. President, on yesterday, I received a telegram, from Dr. Branhams B. Baughman, a distinguished physician and surgeon of Frankfort, Ky., and chairman of the legislative committee of the Kentucky State Medical Association, reporting that the "overwhelming majority of the 2,000 physicians of the Kentucky State Medical Association is unalterably opposed to S. 3114," the administration's proposal for a Federal reinsurance plan for private health insurance programs.

Dr. Baughman's report is well substantiated by the hundreds of letters I have received in my office from individual members of the medical profession in the Commonwealth of Kentucky.

The telegram from Dr. Baughman also reports that the Kentucky Physicians Mutual, which is Kentucky's Blue Shield health plan, is unanimously opposed to S. 3114.

The hearings on S. 3114 have been concluded and printed, and the bill has been reported by the Committee on Labor and Public Welfare. Thus, it is not possible to have this important message from the doctors of my State included in the printed hearings of the committee.

I ask unanimous consent, therefore, Mr. President, to have the telegram printed at this point in the RECORD, and referred to the Committee on Labor and Public Welfare, so that the members of that committee may be advised of its contents and it may become a part of the committee's files in connection with the bill to which I have referred.

There being no objection, the telegram was referred to the Committee on Labor and Public Welfare, and ordered to be printed in the RECORD, as follows:

FRANKFORT, KY., July 1, 1954.
Senator EARL C. CLEMENTS,
United States Senate.

The overwhelming majority of the 2,000 physicians of the Kentucky State Medical Association is unalterably opposed to the reinsurance bill No. 3114 now before the Senate Labor and Public Welfare Committee. We are opposed to this bill first because it would not add one additional individual to the 90 million presently covered by voluntary health and accident insurance plans. Secondly, because it would constitute an unwarranted intervention by Government into private industry where there is no need for same. Thirdly, it is opposed by the insurance industry and other industries such as the Kentucky Association of Small Industries for the above reason and also that it would permit Government control of private industry, and, fourthly, because it would place the control of voluntary health and accident insurance in the Department of Health, Education, and Welfare which we do not consider desirable. The Kentucky Physicians Mutual, which is Kentucky's Blue Shield plan, of which I am a director, former president, and present treasurer, is also unanimously opposed to this bill. We will appreciate your influence and anything you can do in opposition to this bill.

BRANHAM B. BAUGHMAN, M. D.,
Chairman, Legislative Committee,
Kentucky State Medical Association.

BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. GOLDWATER (by request):
S. 3700. A bill to amend title IV of the Veterans' Readjustment Assistance Act; to the Committee on Labor and Public Welfare.

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

By Mr. KILGORE (for himself and Mr. KEFAUVER):
S. 3701. A bill to increase the rates of basic

pay and certain allowances prescribed by the Career Compensation Act of 1949 for members of the uniformed services; to the Committee on Armed Services.

By Mr. MAGNUSON:
S. 3702. A bill relating to the furnishing of accommodations at Kennewick, Wash., and Pasco, Wash., for the United States District Court for the Eastern District of Washington, Southern Division; to the Committee on the Judiciary.

By Mr. CASE (by request):
S. 3703. A bill to exempt meetings of associations of professional hairdressers or cosmetologists from certain provisions of the acts of June 7, 1938 (52 Stat. 611), and July 1, 1942 (32 Stat. 622), as amended; to the Committee on the District of Columbia.

By Mr. FREAR:
S. 3704. A bill to amend section 812 (d) of the Internal Revenue Code with respect to

the deduction of inheritance, succession, or other death taxes imposed by law other than Federal; to the Committee on Finance.

By Mr. KEFAUVER:

S. J. Res. 172. Joint resolution to prohibit AEC from contracting for power service not to be used directly by AEC installations; to the Joint Committee on Atomic Energy.

(See the remarks of Mr. KEFAUVER when he introduced the above joint resolution, which appear under a separate heading.)

AMENDMENT OF TITLE IV OF THE VETERANS' READJUSTMENT ASSISTANCE ACT

Mr. GOLDWATER. Mr. President, at the request of the Secretary of Labor, I introduce for appropriate reference a bill to amend title IV of the Veterans' Readjustment Assistance Act. I ask unanimous consent that a letter from the Secretary of Labor, relating to the bill, be printed in the RECORD.

The PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the letter will be printed in the RECORD.

The bill (S. 3700) to amend title IV of the Veterans' Readjustment Assistance Act, introduced by Mr. GOLDWATER, by request, was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

The letter referred to is as follows:

UNITED STATES DEPARTMENT OF LABOR,
Washington, June 30, 1954.

The Honorable BARRY GOLDWATER,
Chairman, Subcommittee on Veterans' Affairs, Committee on Labor and Public Welfare, United States Senate,
Washington, D. C.

DEAR SENATOR GOLDWATER: I am enclosing a draft bill prepared by the Department of Labor to amend title IV of the Veterans' Readjustment Assistance Act of 1952. I will greatly appreciate it if you would find it possible to have this bill introduced at the earliest possible opportunity.

This draft bill places a limit on the time within which a veteran may file for unemployment-compensation benefits under title IV of the Veterans' Readjustment Assistance Act of 1952. This act permits veterans to secure such benefits upon discharge from service since they would not otherwise be eligible under State law. Although the act contains a termination date for the whole program, it does not put any limit upon the time within which a veteran can file for benefits so long as the program is in operation. The draft bill provides that a veteran must file within 3 years of discharge or of the effective date of the amendment, whichever is later. It inserts this provision in section 409 of the act, which contains the final cutoff date.

If no time limitation is placed on the period during which a veteran can file for unemployment-compensation benefits under title IV, the cost of this program will continue to mount. For the indefinite future, veterans who have qualified for benefits under State unemployment compensation laws will be able to secure supplemental benefits under title IV, if the State benefits are smaller either in duration or amount, until the veteran has received a total of \$676 under title IV. In addition, records will have to be kept on each veteran until he has drawn the maximum amount, which may be many years hence.

I believe that the 3-year period is sufficiently long to enable the veteran to make the readjustment from military to civilian pursuits. It is also sufficiently long so that there is no necessity for the veteran to file immediately upon discharge. This gives him

an opportunity to accumulate wage credits under the State program, thus placing less demand on the special program provided by title IV of the Veterans' Readjustment Assistance Act of 1952. The Servicemen's Readjustment Act of 1944, which provided unemployment compensation for World War II veterans, also contained a time limitation. The limitation in that act was 1 year less than under the present proposal.

The Bureau of the Budget has advised us that this draft bill has the approval of the Veterans' Administration and is in accord with the program of the President.

Yours very truly,

JAMES MITCHELL,
Secretary of Labor.

CONTRACTS FOR CERTAIN POWER SERVICE BY ATOMIC ENERGY COMMISSION

Mr. KEFAUVER. Mr. President, I introduce a joint resolution and ask for its appropriate reference. The joint resolution would prohibit the Atomic Energy Commission from contracting for power service not to be used directly by AEC installations.

The PRESIDENT pro tempore. The joint resolution will be received and appropriately referred.

The joint resolution (S. J. Res. 172) to prohibit AEC from contracting for power service not to be used directly by AEC installations, introduced by Mr. KEFAUVER, was received, read twice by its title, and referred to the Joint Committee on Atomic Energy.

Mr. KEFAUVER. I ask unanimous consent that I may speak for not to exceed 5 minutes.

The PRESIDENT pro tempore. Without objection, the Senator from Tennessee may proceed.

Mr. KEFAUVER. I intended to introduce the resolution last night, but the Senate adjourned out of respect to the memory of the late Senator BUTLER of Nebraska, and I did not have an opportunity to introduce it.

Mr. President, on June 16, the Bureau of the Budget directed the Atomic Energy Commission to enter into a contract with a private utility syndicate for the supply of approximately 600,000 kilowatts to the AEC works at Paducah, Ky.

On the basis of proposals made by the syndicate, the contract promises to be one of the most extraordinary ever entered into by an agency of Government.

Very briefly, I should like to review the major points of the proposed contract.

First, the syndicate, headed by two private utility executives named Dixon and Yates, would build a steam plant in the State of Arkansas, capable of generating about 600,000 kilowatts of power. The AEC would be obligated to pay \$1,800,000 annually in State and county taxes to Arkansas.

Second, the Dixon-Yates output would be transferred to the facilities of the Tennessee Valley Authority at or near Memphis, Tenn.

Third, the Tennessee Valley Authority would supply the Paducah works of the AEC with the required 600,000 kilowatts from TVA facilities in the Paducah area.

And fourth, the total additional cost to the Government will be between \$90 mil-

lion and \$140 million more, over the 25-year term of the contract, than if the power were supplied by the Tennessee Valley Authority.

Of course, there are other features, but these are the salient ones.

Mr. President, this is a problem that transcends the public against private power controversy. And the nub of it is this:

The Dixon-Yates contract is bad business.

If the Bureau of the Budget tries from now until doomsday, it cannot make anything else out of it. It cannot be made to look like a bargain, no matter how they disguise it, and no matter how strongly it was recommended by Admiral Strauss.

It is bad business, it is bad government, and it is bad morals.

Today, the first day of a new fiscal year, I want to attack the Dixon-Yates contract on only one ground: That it is bad, fiscally.

I agree heartily with a majority of members of the Atomic Energy Commission that AEC's principal business is the atom, and that they ought not to get into the power brokerage business.

Nothing in the Atomic Energy Act can justify such new adventures by the AEC as the Bureau of the Budget and Dixon-Yates now propose for it.

Let us look at this thing head on, Mr. President.

The Bureau of the Budget is telling AEC to go out and buy some power for the Tennessee Valley Authority to sell to the people of Memphis, Tenn.

It is telling AEC to become a power broker for people who live 200 miles away from the nearest AEC installation.

And it is telling AEC to be sure and do this in such a way as to cost the Government an extra \$100 million or more.

Mr. President, the people of this country are not blind to the real meaning of these contract shenanigans.

They understand perfectly well that this is an attack on the Tennessee Valley Authority itself, made in the worst tradition of the private power lobby. That is the lobby that spent more than a half-million dollars last year to influence legislation, and whose director boasted that he had gotten his money's worth.

There is a way for the Congress to stop this thing, Mr. President, and it will be to our everlasting detriment if we do not act to do so.

I have sent to the desk a joint resolution that would prevent the Atomic Energy Commission from entering into such an illegal contract as has been foisted upon it by the enemies of TVA.

It would limit the authority of the AEC to contract for electric power service only with persons who agree to supply the contractual amount of power service directly to AEC installations.

If we permit the Dixon-Yates contract to go through, this Congress had better prepare to shield itself from the wrath of right-thinking people who do not want any part of such a deal.

Mr. President, if the TVA is not to be permitted to construct its own steam plant, a much more economical and desirable proposal has been submitted by

a group of competent financiers and engineers headed by Walter von Tresckow, of New York, for which Mr. Lucius E. Burch, Jr., of Memphis, is attorney.

The Von Tresckow proposal envisions ownership of the steam plant by the TVA on the termination of the contract. This would avoid doing violence to the sound principles of allowing TVA to control its own power sources.

Lucius E. Burch, Jr., in a statement issued today pointed out these important differences in the two plans:

The Dixon-Yates plant will never become the property of the Government even after it has been paid for. The Von Tresckow plant will become the property of the Government without further cost at the end of the contract period.

The Dixon-Yates plant will be built at West Memphis upon alluvial soil requiring unusual expense for foundation work and levee protection. The Von Tresckow plant would be located on a bluff above historic flood crests where test borings have already shown suitability for foundation work.

The Dixon-Yates plant requires enormous expense in construction and maintenance of a cable system across the Mississippi River. The Von Tresckow plant, located on the Tennessee side, connects directly with the TVA system.

The Dixon-Yates plant will discharge upward of 80 tons of fly ash a day which will be deposited in and about the city of Memphis by the prevailing West wind. The Von Tresckow plant will be located in a remote section far away from any metropolitan center.

The site of the Dixon-Yates plant has no relationship whatever to the requirements of the TVA. The Von Tresckow plant is planned at the location established by the TVA as the center of its load growth area.

The Dixon-Yates proposal is a step toward the dismemberment of the TVA in that it will require the purchase by the TVA of power generated by facilities which it does not control. The Von Tresckow proposal favors the growth and expansion of the TVA because the plant would immediately be integrated into the TVA grid system with power furnished at cost.

The Dixon-Yates proposal, over the life of the contract, will cost more than \$125 million above the cost of TVA power. The Von Tresckow proposal provides for the furnishing of power at cost, the only compensation being received by the Von Tresckow group being a stipulated fee of \$4 million.

Mr. President, the Subcommittee on Antimonopoly of the Judiciary Committee began hearings today in connection with some very important aspects of this remarkable transaction. Lucius E. Burch, attorney, has publicly charged that real consideration is not even given to the Von Tresckow proposal even though it would protect the integrity of the TVA and save the taxpayers of the Nation \$125 million.

Mr. Burch further charges that the specifications were prepared by the AEC so that only one utility group would be in a position to bid and all other competitors would be denied that right.

I sincerely hope, Mr. President, that the Joint Committee on Atomic Energy and the Congress will approve the joint resolution I have just introduced.

This matter should not be handled hastily and in violation of sound governmental policies. More time is needed to consider it.

I hope that upon fuller consideration the administration and Congress will allow the TVA to have its own power supply or at least that it will enable a steam plant to be built in line with the Von Tresckow recommendation on a basis so that it would eventually be owned by the Government and the TVA.

Mr. President, I ask unanimous consent that the joint resolution be printed in the body of the RECCRD following my remarks.

There being no objection, the joint resolution (S. J. Res. 172) was ordered to be printed in the RECORD, as follows:

Whereas the Atomic Energy Commission is of vital importance to the defense and progress of the United States of America; and

Whereas its several installations must necessarily have an adequate and constant supply of electric power in order to carry out its designated functions; and

Whereas the Atomic Energy Commission was directed, on June 16, 1954, by the Bureau of the Budget, to contract with a privately owned utility syndicate to supply electric power to the Tennessee Valley Authority system at or near Memphis, Tenn.; and

Whereas under terms of the Bureau of the Budget's directive, the Tennessee Valley Authority would continue to supply, from its own system, electric-power service to the Atomic Energy Commission's works at Paducah, Ky., approximately 200 miles distant from Memphis, Tenn.; and

Whereas the Tennessee Valley Authority is competent to supply, from its own facilities and at a substantial annual saving to the Government of the United States, an adequate and constant supply of electrical power to the Atomic Energy Commission's installations in the Tennessee Valley area; and

Whereas such a contract as the Atomic Energy Commission has been directed to enter into is of dubious legality and contrary to the recommendation of 3 of the 5 members of the Atomic Energy Commission: Therefore be it

Resolved, etc., That the authority of the Atomic Energy Commission to enter into contracts for electric-power service extends only to contracts with persons who agree to supply the contractual amount of electric-power service directly to the installations of the Atomic Energy Commission.

The PRESIDENT pro tempore. Is there further morning business?

Mr. FULBRIGHT. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator from Arkansas will state it.

Mr. FULBRIGHT. Is the time at present under control?

The PRESIDENT pro tempore. The Senate is in the morning hour, operating on a 2-minute limitation on speeches.

Mr. FULBRIGHT. Mr. President, with regard to the matter brought up by the Senator from Tennessee, this obviously is not the proper time in which to pursue the question to any extent. I merely wish to give notice that I disagree with the figures which have been presented, both here and in the press, with regard to the effect upon the Government and our financial situation. I think there are many differences of opinion, and I disagree with the conclusions reached by the Senator from Tennessee. I simply wish to give notice that at the proper time I shall try to present what I believe to be a more accurate

picture of the proposal which has been made by the President. Of course, I am in favor of the proposal. I hope that the Government will proceed with the powerplant to be built in eastern Arkansas by the private interests involved.

But since this is not the proper time—nor does the Senate now have the time—in which to discuss the question to any extent, I only hope that the Senator from Tennessee will reserve judgment in the matter until it has been discussed more fully.

NOTICE OF HEARINGS ON CERTAIN PROPOSED LEGISLATION BY SUB-COMMITTEE ON WATER TRANSPORTATION OF COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. BUTLER. Mr. President, the Senate Water Transportation Subcommittee will hold hearings on Tuesday, July 6, 10:30 a. m., in room G-16 of the Capitol, on the following bills:

S. 2389, to extend certain benefits to Coast and Geodetic Survey officers serving in military hazard areas; and

S. 3620, proposed transfer of certain Coast Guard property to Panama Canal Company.

On Thursday afternoon, July 8, in room 134, Senate Office Building, the subcommittee will hold a hearing on S. 3610, to provide for the maintenance of the Merchant Marine Academy.

NOTICE OF HEARING ON NOMINATION OF EMETT C. CHOATE TO BE UNITED STATES DISTRICT JUDGE FOR THE SOUTHERN DISTRICT OF FLORIDA

Mr. LANGER. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Friday, July 9, 1954, at 10 a. m., in room 424, Senate Office Building, upon the nomination of Emett C. Choate, of Florida, to be United States district judge for the southern district of Florida, to fill a new position. At the indicated time and place all persons interested in the nomination may make such representations as may be pertinent. The subcommittee consists of myself, chairman, the Senator from Wisconsin [Mr. WILEY], and the Senator from Missouri [Mr. HENNINGS].

NOTICE OF HEARING ON NOMINATION OF HERBERT S. BOREMAN TO BE UNITED STATES DISTRICT JUDGE FOR THE NORTHERN DISTRICT OF WEST VIRGINIA

Mr. LANGER. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Friday, July 9, 1954, at 10 a. m., in room 424, Senate Office Building, upon the nomination of Herbert S. Boreman, of West Virginia, to be United States district judge for the northern district of West Virginia, vice William Eli Baker, retired. At the indicated time and place all persons inter-

ested in the nomination may make such representations as may be pertinent. The subcommittee consists of myself, chairman, the Senator from Idaho [Mr. WELKER], and the Senator from South Carolina [Mr. JOHNSTON].

NOTICE OF HEARING ON NOMINATION OF JAMES C. CONNELL TO BE UNITED STATES DISTRICT JUDGE FOR THE NORTHERN DISTRICT OF OHIO

Mr. LANGER. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Friday, July 9, 1954, at 10 a. m., in room 424, Senate Office Building, upon the nomination of James C. Connell, of Ohio, to be United States district judge for the northern district of Ohio, to fill a new position. At the indicated time and place all persons interested in the nomination may make such representations as may be pertinent. The subcommittee consists of myself, chairman, the Senator from New Jersey [Mr. HENDRICKSON], and the Senator from Missouri [Mr. HENNINGS].

NOTICE OF HEARING ON NOMINATION OF WALTER E. HOFFMAN TO BE UNITED STATES DISTRICT JUDGE FOR THE EASTERN DISTRICT OF VIRGINIA

Mr. LANGER. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Friday, July 9, 1954, at 10 a. m., in room 424, Senate Office Building, upon the nomination of Walter E. Hoffman, of Virginia, to be United States district judge for the eastern district of Virginia, to fill a new position. At the indicated time and place all persons interested in the nomination may make such representations as may be pertinent. The subcommittee consists of myself, chairman, the Senator from New Jersey [Mr. HENDRICKSON], and the Senator from South Carolina [Mr. JOHNSTON].

NOTICE OF HEARING ON NOMINATION OF WILLIAM A. O'BRIEN TO BE UNITED STATES MARSHAL FOR THE EASTERN DISTRICT OF PENNSYLVANIA

Mr. LANGER. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Friday, July 9, 1954, at 10 a. m., in room 424, Senate Office Building, upon the nomination of William A. O'Brien, of Pennsylvania, to be United States marshal for the eastern district of Pennsylvania, vice Walter S. Farley, removed. At the indicated time and place all persons interested in the nomination may make such representations as may be pertinent. The subcommittee consists of myself, chairman, the Senator from New Jersey [Mr. HENDRICKSON], and the Senator from South Carolina [Mr. JOHNSTON].

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

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

By Mr. MAGNUSON:

Statement prepared by him and attached newspaper article regarding construction of a new chemical and fertilizer plant near Attalla, Wash., on the Columbia River.

SENATOR HUGH BUTLER, OF NEBRASKA

Mr. KNOWLAND. Mr. President, last night the Senate adjourned upon receipt of the news of the death of our late colleague, Senator HUGH BUTLER, of Nebraska.

I am sure that every Member of the Senate feels a deep sense of personal loss. I have now served in this body for only approximately 9 years, but during that period of time, and also prior to my coming to the Senate, I have had the opportunity of knowing Senator HUGH BUTLER. Not only was he an outstanding citizen of his State and of the Nation but he was a man who had a deep consciousness of his civic responsibilities, and in his home community he participated in many civic affairs which make for a better America.

HUGH BUTLER was first elected to the Senate of the United States in 1940, after serving his party as a county chairman and as a national committeeman. Following his election to the Senate in 1940, he was reelected by overwhelming majorities in 1946 and in 1952.

Senator BUTLER was the ranking Republican member of the Senate Finance Committee. He was the chairman of the Committee on Interior and Insular Affairs. In the Republican conference he served as chairman of the Committee on Committees. He was very helpful to every new Member who came to the Senate. I believe that when Senator HUGH BUTLER's legislative record is studied it will be found that, while he did not make many formal speeches on the floor of this body, he was in every sense an effective legislator. He was diligent in attendance on the committees of which he was a member; and he recognized the importance, under our legislative system, of committee work. He served as an able and conscientious Member of this body almost to the hour of his death.

Mr. President, when one of our Members passes on it is most difficult to realize that he is gone; but I know that so long as any of us shall live, we shall have pleasant recollections of our association with a great citizen and a great United States Senator—HUGH BUTLER, of Nebraska.

Mr. President, at this time I should like to make a brief announcement. I have been in touch with the colleague of the late Senator BUTLER and also with members of his staff, who were in touch with his family. Definite plans for the funeral arrangements will be announced a little later; but in order that Senators may be advised of at least the tentative arrangements, let me say that I under-

stand there will be local services here in Washington tomorrow morning; that Senator BUTLER's body will then be sent home by train; and that funeral services in Nebraska are likely to be held on Monday next.

The Senators in the funeral party may go either by train or by plane. I understand that a plane will go to Nebraska, so that it will be possible for Senators to leave here on Monday morning and return on Monday night.

I do not wish this announcement to be taken as the announcement of the final arrangements; but inasmuch as a number of Senators have made inquiries, I thought that at least this tentative announcement might be made.

I also wish to say that after consultation with both the colleague of the late Senator and members of his staff, I have stated that at a time convenient to them and to the family, we shall set aside a day, with advance notice, for memorial services for the late Senator from Nebraska; and at that time appropriate addresses can be made.

Mr. JOHNSON of Texas. Mr. President, I wish to associate myself with the sentiments expressed by the distinguished majority leader, who, I am sure, voiced the sentiments of the entire Senate regarding our late colleague, the Senator from Nebraska, HUGH BUTLER.

Mr. President, the State of Nebraska has lost one of its finest statesmen. The Republican Party has lost one of its great pillars of strength. We in the Senate have said goodby to one of the most kindly men who ever served here, one of the most constructive, one of the most understanding and sympathetic. The Nation has lost an outstanding leader.

At an appropriate time, I am sure a great many Members on this side of the aisle will wish to make statements in tribute to our late and beloved colleague, Senator HUGH BUTLER, of Nebraska.

Mr. CASE. Mr. President, while I appreciate the statement of the majority leader that at a later time a day will be designated for voicing tributes to the late Senator from Nebraska, our beloved colleague, HUGH BUTLER, I should not like this day to go by without taking a moment or two to say something about HUGH BUTLER, and what he has meant to my section of the country.

It was my privilege to meet HUGH BUTLER more than 20 years ago. I believe it was in the fall of 1932 that HUGH BUTLER, as district governor of Rotary International, came to my home town of Custer, in the Black Hills of South Dakota, and presented to a local group at Sylvan Lake their charter in Rotary International. The friendship which began more than 20 years ago has been one of my treasured friendships throughout the years. I came to know HUGH BUTLER then not primarily as a Member of the United States Senate, but as a man who enjoyed the confidence and trust of a great host of people in Nebraska and throughout that portion of the United States.

HUGH BUTLER was the son of a man of very modest means, so his life story is another chapter in the characteristic

pattern of America. He worked for a time on the railroad. I think he taught school for a while. Then he worked in a mill. Eventually he became the owner of a flour mill, and of other mills and elevators, and went into the grain business on a much larger scale. He made a very substantial fortune, but HUGH BUTLER was not a man to parade that fact, or to say much about it.

He had the misfortune to lose his two sons early in life. He and Mrs. Butler then decided that the money they had made should be used for the education of young people. It is my understanding that during the course of his life he gave away more than half a million dollars to establish scholarships and to construct buildings at colleges which attracted his attention in one section of the country or another. A great many of his bequests were to Doane College, at Crete, of which he himself was a graduate. Later he moved to Omaha, and in Omaha, the principal city of Nebraska, HUGH BUTLER soon established himself as a man of outstanding reputation and character.

He was asked to serve in connection with various community enterprises, such as the Community Chest, the Red Cross, the YMCA, and other movements associated with doing something for people. Though he himself was the last person who would say much about it, he derived his greatest pleasure in doing those things which contributed to the improvement of the lot of his fellow beings, and particularly those movements which were associated with the development of young people.

I recall the message he sent to me when I was first elected to Congress. I recall my greeting to him when he was elected to the Senate. Through the years there has been a friendship which held a deep personal meaning for me. It was built upon my respect for a man whom any young man would have been pleased to call friend, uncle, or father. He was that to all of us, because of the personal interest he took in the advancement and development of other people.

If we call the roll of Senators who have come to the United States Senate from Nebraska we call the roll of men of character. We have had the great misfortune, within the few years that I have been in the Senate, to see three of them go: Kenneth Wherry, Dwight Griswold, and Hugh Butler. Two of them left us within a very short space of time, even within the past few weeks. All of them were characterized by integrity and character and high ideals of public service.

High on the list anyone would have to place the name of HUGH BUTLER.

It is with a deep sense of personal loss, but with a great sense of pride that our country can produce men like HUGH BUTLER, that I say these few words today, feeling that not only have I lost a personal friend, but that the Nation has lost one of its great public servants.

Mr. KNOWLAND subsequently said: Mr. President, the distinguished Senator from Nebraska [Mrs. BOWRING] has a statement and an announcement that

she wishes to make to the Senate. She is leaving soon for Nebraska. I ask unanimous consent that she may be permitted to make the statement and announcement at this time, without having the time required for that purpose charged either to time on amendments to the tax bill or to the time for debate on the bill itself. I also ask that her statement and announcement and this colloquy be printed in the RECORD in connection with the previous remarks concerning the death of Senator HUGH BUTLER, of Nebraska.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mrs. BOWRING. Mr. President, the death last night of the senior Senator from Nebraska, the beloved HUGH BUTLER, who was a friend not only to all the people of Nebraska, but to all who were his colleagues in the Senate, leaves us at the moment so distraught that I am glad arrangements have been made for a period of deserved eulogies at a later time.

Speaking for myself, I am sure that when the shock of this devastating loss is not so fresh upon us, I could more calmly and appropriately speak of the affection and esteem in which he was held by all who knew him.

But, Mr. President, at this time, I should simply like to make a short announcement concerning the plans which have been made for the funeral services for my colleague.

There will be brief funeral services for Senator BUTLER in Washington tomorrow, Saturday, July 3, at 11 o'clock in the morning, at Gowler's Funeral Home, 1756 Pennsylvania Avenue NW.

The funeral train which will take him home to Nebraska will depart from Washington on Saturday evening, at 5:30 o'clock, and will arrive in Omaha at 9 o'clock on Sunday night.

I am informed that an official congressional funeral party will follow by airplane, leaving Washington at 8 a. m. on Monday morning from the MATS terminal at Washington Airport, and arriving in Omaha, at Offutt Field, at 10:30 o'clock on Monday morning.

The funeral services for Senator BUTLER in Omaha have been set for Monday afternoon, at 2 o'clock on July 5.

It is my information that his body will be at the John Gentleman Mortuary, and that the services themselves will be at the First Central Congregational Church, at 36th and Harney Streets.

The burial will be in Omaha, where Senator BUTLER will rest beside his beloved wife, whom he lost early in 1941, and the two sons of the Butler family who were taken by death before reaching manhood.

I know that each Member of the Senate shares with me a deep sense of personal loss. I know further that it will be a comfort to the people of Nebraska, in this hour of grief, to know that their sense of loss is shared by the rest of the Nation, and that they are joined by all of us in paying homage to a great American—a man who has typified the very spirit of American opportunity and great success hammered out of meager beginnings.

Mr. KNOWLAND. Mr. President, for the information of Senators who were not present earlier today, let me state that previously I announced that at a later date and time satisfactory to the colleague of the late Senator BUTLER of Nebraska and to Senator BUTLER's family and staff, the Senate will hold memorial services for him.

Mr. BRIDGES. Mr. President, in due course I shall join my colleagues in a memorial service to pay my tributes to a great United States Senator who has just passed on, HUGH BUTLER. The distinguished majority leader has indicated that a time for memorial services will be set aside, at which time we may join in paying our tribute to HUGH BUTLER.

Mr. KNOWLAND subsequently said: Mr. President, I ask unanimous consent to have printed in today's RECORD, immediately following the statements made this morning concerning the plans for the funeral services for the late Senator BUTLER of Nebraska, the following statement from Mr. Forest Harness, Sergeant at Arms of the Senate:

Inasmuch as Monday, July 5, is a legal holiday and the State of Nebraska will not permit burial on legal holidays, Senator BUTLER's funeral will be changed from Monday to Tuesday, July 6.

FOREST A. HARNES,
Sergeant at Arms.

Mr. President, the plane which had been scheduled to leave on Monday morning from the MATS terminal will leave, instead, on Tuesday morning, but at the same time, namely, 8 o'clock a. m., Washington time. As I understand the situation, the other part of the arrangements will be the same, insofar as the services to be held here in Washington, on tomorrow, are concerned.

I ask that this statement also be printed in the RECORD immediately following the remarks made this morning by the Senator from Nebraska [Mrs. BOWRING].

The PRESIDING OFFICER. Without objection, it is so ordered.

UNITED STATES FOREIGN POLICY

Mr. JOHNSON of Texas. Mr. President, at this time I ask unanimous consent to proceed for not to exceed 5 minutes, in making a statement not related to either the morning hour or the tax bill.

The PRESIDENT pro tempore. Without objection, the Senator from Texas may proceed.

Mr. JOHNSON of Texas. Mr. President, on yesterday the distinguished majority leader, the senior Senator from California [Mr. KNOWLAND], told us that he feels the time has come for the long awaited, agonizing reappraisal of our foreign policy.

I agree with the majority leader; I think the time has come when we have to stop and take a long, hard look at our foreign policy. I think we have to weigh in the balance the assumptions upon which we have been operating for the past few years.

Mr. President, no one welcomes the necessity for this reappraisal. It is not an easy thing for a Nation to make a

drastic change in direction or even to consider a drastic change in direction.

Mr. President, the preservation of our Nation's liberties must come before any other consideration. It is probable that this reappraisal should have started long ago.

We shall soon have before us a \$3½ billion foreign aid bill. It is no secret that many people have very serious reservations about this measure. They want to know the extent to which this aid will actually support the legitimate objectives of the United States, and the extent to which it will maintain policies which no longer have vitality.

Certainly before that measure finally clears the Senate there will be a definite insistence upon assurances that some of the nations to which aid will go will have to put their own houses in order.

In the past few weeks Americans have had many bitter pills to swallow. They have heard a top official of the Government of our closest ally state a doctrine which smacks strongly of the appeasement at Munich. They have seen what could be the beginning of the fall of all of southeast Asia, because another allied government did not take the necessary steps in time and in quantity. They have seen the beginning of a campaign to bring Communist China into the United Nations—a campaign sparked by people whom we considered, and still consider, our friends.

Mr. President, these factors have created a heavy strain upon our relationships with tried and true friends of many years standing. They have made millions of Americans worry as to what the future holds, and what course we should take to assure ourselves any future at all.

There are certain factors which must be taken into consideration.

First. The American people want no appeasement of the Communists.

Second. In my opinion the American people will refuse to support the United Nations if Communist China shoots its way into membership.

Third. The American people have become very uneasy over the intentions and objectives of our allies.

Mr. President, we must do some sober thinking about our future course. It will not be easy. We must decide whether to continue along the old lines or to start out in new directions. We must decide what we will defend, where we will defend, and how we will defend.

This is a problem which should be—and I hope will be—above all partisan considerations. Whatever the issues that may divide us, they should not include the field of preservation of this great Nation. They should not include the security of the United States.

Mr. President, I welcome the statement made by the distinguished majority leader yesterday. It was profound. It was forthright. It was typical of the man we have learned to know and understand and respect. I agree with him that the time has come for a basic reappraisal of our entire foreign policy.

Our foreign policy today is at the crossroads. I think—as I am sure he thinks—

that we should make the reappraisal not as partisans, but as Americans. It should be a reappraisal with one sole objective, namely, to preserve the safety and security of the people of the United States.

Mr. KNOWLAND. Mr. President, I ask unanimous consent to proceed for 1 minute.

The PRESIDING OFFICER (Mr. BUTLER in the chair). Without objection, the Senator may proceed.

Mr. KNOWLAND. Mr. President, I wish to express my appreciation to the distinguished minority leader, and also to commend him for the very statesman-like—and I believe very sound—position he has taken. I assure him that the majority leader likewise feels that in meeting the grave problems in foreign and defense policies which confront our Nation, we must view them as Americans and not as partisans. I agree that we are now at the crossroads.

Mr. BRIDGES. At this time I wish to pay my tribute, not to the majority leader, about whom I spoke yesterday, but to the minority leader. It is an inspiring sight to see the leaders of the two great political parties in the Senate, the distinguished Senator from California [Mr. KNOWLAND] and the distinguished Senator from Texas [Mr. JOHNSON], show the courage and foresight and vision to stand up on the floor of the Senate, as these two leaders have done today, and speak their minds on a policy which concerns, in the ultimate, the survival of this country. It is a subject which certainly should command the attention of every thoughtful American and certainly of every Member of the Senate.

Without taking more time, it is inspiring to me—and it seldom occurs in a great legislative body—to see the two leaders of the two great political parties, the able majority leader, the Senator from California [Mr. KNOWLAND], and the able minority leader, the Senator from Texas [Mr. JOHNSON], stand on the floor of the Senate seeking the same objective, and courageously stating their minds.

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

Mr. BRIDGES. I yield.

Mr. THYE. Mr. President, I asked the distinguished Senator from New Hampshire to yield to me so that I might not only commend him but might also have the privilege of commanding the majority leader, the Senator from California [Mr. KNOWLAND], and the minority leader, the Senator from Texas [Mr. JOHNSON], on their courageous stand on this international question. I wish to be associated with them in the statement of their convictions on this question. That is why I asked the Senator to yield at this time.

Mr. MORSE. Mr. President, I ask unanimous consent to speak for not more than 10 minutes.

The PRESIDING OFFICER (Mr. BUTLER in the chair). Without objection, it is so ordered.

Mr. MORSE. Mr. President, it had been my hope that this morning we would pay the highest respect that we could pay to the memory of HUGH BUTLER by recessing immediately.

I wish to say in regard to HUGH BUTLER what may be surprising to some Members of the Senate. HUGH BUTLER and I were closer personal friends than I believe many Members of the Senate realize. We conferred on a great many matters, including a great many matters on which we had differences of opinion. All I wish to say today in his memory is that I have lost a personal friend.

There has been brought into the discussion today a subject of such vital importance to our country that I feel a point of view should be expressed that has not been expressed in the discussion thus far, and I shall be very brief.

I do not share the point of view that the speeches of the majority leader and the minority leader on foreign policy have been of such tremendous importance or value as some have placed upon them. I believe that both of those speeches are likely to be subject to serious misinterpretation by many at home and abroad. I do not question the sincerity and the great patriotism of the majority leader and of the minority leader. However I wish to say that I do not yield to them either in sincerity or patriotism on the question of foreign policy or any other question. I wish to make very clear that in my judgment the United States is in serious danger so far as Soviet Russia is concerned. I have said time and time again on the floor of the Senate, and I repeat today, that if we ever permit ourselves to become weak enough so that Russia believes she can destroy us, she will try to destroy us. That is why I have always worked and will always continue to work for and fight for the strongest possible defense for my country, so that at all times Russia will understand that she has everything to lose and nothing to gain from an aggressive course of action against us or against freedom anywhere in the world.

What disturbs me, Mr. President, is a growing attitude in this country, which I believe is reflected by implication in the speeches of the majority leader and the minority leader, that if we cannot have our way in the field of foreign policy, and if the United Nations does not follow a course of action which we think it ought to follow, we will retire from the United Nations.

I happen to be one who believes that even if outvoted in the United Nations, it is important that the views of a free America be always spoken in the forums of the United Nations. I happen to be one who believes that eventually the right position of the United States will prevail in the councils of the world.

However, Mr. President, they must prevail in the forums of reason. We will not prevail, in my judgment, if we take the position that we will retire from the forums of reason and flex our military muscles and take the position that if we do not have our way in the forums of reason, we will impose our way in other forums by force.

We do not like to have it said about us, but the fact remains that throughout Asia today we are feared. We do not like to have it said about us, but the

fact remains that in many allied countries there is a mounting opinion that what the United States will insist upon is that either its way be followed or the world will be involved in war. That is a wrong opinion of our country.

I wish to assert here, just as strongly as have the majority leader and the minority leader asserted their position, that I believe there is a need for a re-appraisal of American foreign policy, and there is a need for the United States to make clearer than she has made up to this hour that we are not bent on a course of war, but that we are bent on a course of peace.

Mr. President, when the news reports go out from here to the effect that the great political leaders of this country are taking the position that if such and such happens in the United Nations the United States will withdraw from the United Nations, the fallacious conclusion is likely to be drawn by too many that our attitude means we will go it alone in the world. The Russian propaganda will then be to the effect that we are on our way to war. I am greatly disturbed about it.

I am greatly disturbed about the position taken by the British. Any talk of a Locarno, in my judgment, is quite unrealistic. But we are not going to persuade, we are not going to be able to prove our case, by withdrawing from the world courtroom. I also believe we should recognize the importance of the right of appeal to world public opinion. If we lose a decision, that does not mean we have lost our case. We proceed to move on to the court of appeals of world opinion. We will lose the decision in the court of appeals by any talk about withdrawing from the United Nations.

Mr. President, I am greatly disturbed about what is happening in Asia from the standpoint of the position of India. I do not think we can overlook the conference between Nehru and Red China. I think Nehru is dead wrong in many of his assumptions, and particularly in his major assumption of neutralism. I do not like what I read on the ticker with respect to what is supposed to have happened in the conference between Nehru and Red China. But, Mr. President, I think we shall have to win the cause for peace on the economic front in Asia, and we had better reappraise our economic policies in Asia.

To illustrate my point, let us take a look—

The PRESIDING OFFICER. The time of the Senator from Oregon has expired.

Mr. MORSE. Mr. President, I ask unanimous consent that I may have 2 minutes more time.

The PRESIDING OFFICER. Without objection, the Senator may proceed for 2 minutes.

Mr. MORSE. Mr. President, I would have my colleagues look at the great dramatic struggle which I think is going on between India and Red China. We see the greatest manifestation of democratic processes in all Asia as of today in India, but, of course, not comparable to our democratic processes. Let us not take the position that we can superimpose on all of Asia in our decade a demo-

cratic process such as that in America, but let us work for growth in the development of those processes in Asia. We see them growing in India.

What is Nehru trying to do? He is trying, by democratic processes, to bring a better way of life, economically speaking, to millions of Indians, and until that better way of life comes to the Indians and the other masses of Asia, then I tell you, Mr. President, economic freedom and political freedom in America will always be in jeopardy.

What is Red China doing? Here is Nehru trying to bring a better way of life to the Indians, but what is China doing with thousands and thousands of Chinese in slave-labor camps, put on 500 or 600 calories a day because they will not kneel to the vicious program of Russia and Red China. The Chinese Communists are killing them off by the tens of thousands by working them to death in the building of great public works, highways, and dams, and then using the results of those slave-labor camps to try to propagandize the Indians. They point out to the Indians the great public works that are being built in Red China. The Reds hope that by looking into that kind of a showcase the Indians will believe it is communism that brings those benefits to the masses of the Chinese. However, we know and Nehru knows that it is only by police-state methods and slave labor that the public works are being built.

That is the kind of situation Nehru is up against.

What should we be doing? We ought to be bringing at least a minimum of \$300 million a year to India for Nehru to use in the exercise of democratic processes for the building of a better standard of living for the Indians. Instead, we are hearing speeches to the effect that if the allies do not all follow the lead of America and agree with us on every major issue of foreign policy we are going to walk out of the United Nations. I do not want Red China recognized by the United Nations. I want our delegation to vote against the recognition of Red China. I shall never vote on the floor of the Senate to recognize Red China on the basis of her record to date, but I am not going to take the position that if the majority of our allies make the mistake of admitting Red China to the United Nations we should walk out of the United Nations. To the contrary, we should stay there and carry the fight for freedom through the rules of reason to our allies and demonstrate to them the error of their ways.

I close by saying that I raise my voice here today only to point out to the American people that we better be on guard against all the calls of going it alone, because the danger is that if we heed those calls we shall be going it alone and we shall soon find ourselves in a third world war.

Mr. SMATHERS. Mr. President, I think the speeches which have been made this morning on the foreign situation point up the fact that we can all agree there is an immediate need for the so-called agonizing reappraisal of our foreign policy. We have heard considerable conflict of views expressed, not as

to what we ultimately wish to achieve, but as to the manner in which we wish to achieve it.

For my part, I wish to commend the forthrightness of the statement made by the distinguished minority leader [Mr. JOHNSON of Texas]. I recognize as the Senator from Oregon has suggested that it might be misunderstood. For nations as well as people read into the statements of others that which they wish to see. Nevertheless I do hope it will not be misunderstood by the leaders of the Soviet Union. For we do not want them to believe that any difference of opinion on our part with respect to the methods of how best to combat communism, to be incorrectly interpreted as a show of weakness on our part in the face of advancing communism.

I cannot help but agree with the statement made by the distinguished minority leader that if Red China was admitted into the United Nations, the United Nations thereafter possibly will not have the full and complete support and confidence of the American people. I feel safe in saying that that is the impression I get from the people I have come in contact with both in and outside of the State of Florida.

I cannot help but believe there are few Members of the United States Senate who would vote for the admission of Red China into the United Nations. Indeed when past votes here in the Senate have been almost unanimous in opposition to the admission of Red China into the U. N., and from that we can assume that votes in the future would be similar in result, then it would appear that the people of our Nation having a similar feeling about Red China—would oppose admitting Red China to the U. N., and if it were admitted, they thereafter would have little appetite to support it as a peace organization.

In any event, I certainly think the question points up the fact that an "agonizing reappraisal" on foreign policy is needed, and it needs to be made soon.

Mr. LEHMAN. Mr. President, I fully agree with the suggestion which has been made that we should and must reappraise our foreign policy. I frankly do not know what our foreign policy is today; but whatever it is, or whatever it is supposed to be, the circumstances have certainly changed during the last year or year and a half. History has been in the making. I agree that there should be a reappraisal of our foreign policy, painful as the reappraisal may be. One of the objectives of such a reappraisal should be to find out what our foreign policy today actually is. I do not know what it is.

But I wish to commend the distinguished junior Senator from Oregon [Mr. MORSE] for voicing a warning today, a warning which I think we in Congress and the people of the United States should take to heart. We cannot afford, I believe, to tell all the world that we are going to go it alone unless our friends and allies agree to see eye to eye with us. Certainly I do not think the United States should say to the world that if we do not get our way, we are going to withdraw from the United Nations. In

spite of any disappointments, in spite of any shortcomings, in spite of any frustrations, the United Nations in my opinion, is still the great hope in the world to bring about peace and security.

No one wants to compromise with principle. No one wants to appease. That should be unthinkable in our country. But certainly we do not want to cut ourselves off from a great international organization, of which the United States is one of the leading members, and in which we can express ourselves freely and frankly, and can debate and discuss the issues of peace and security.

So I say again that I believe the warning which has been voiced in the Senate today by the distinguished Senator from Oregon has been a most timely one. I hope it will be heeded.

Mr. JOHNSON of Texas. Mr. President, will the Senator from New York yield?

Mr. LEHMAN. I yield.

Mr. JOHNSON of Texas. I have listened to the wholehearted endorsement by the Senator from New York of the statement made by the distinguished leader of the Independent Party. Does the Senator from New York disagree with the warning made by the minority leader; namely, that in the opinion of the minority leader, the American people will refuse to support the United Nations if Red China becomes a member?

I wish to call attention to the fact—and I believe the Senator from New York will remember it—that in the past 2 years the Senate has had 2 unanimous votes on this particular question, the result of the first being 91 to 0, and of the second, 76 to 0.

In the light of those unanimous expressions on the part of the Senate, does the Senator from New York, as a realistic and practical man, believe that the Senate, Congress, or the people will support the United Nations if Red China is permitted to shoot her way into it?

Mr. LEHMAN. I may say to the distinguished minority leader that, so far as I am concerned, as an American citizen and as a Member of the Senate, I would, at this time oppose, with all my strength, the admission of Red China into the United Nations. It may be that at some time in the past this Government should have given or could have given consideration to an arrangement, including appropriate guaranties, for the admission of Red China into the U. N. along with other nations now excluded from the U. N.

It may also be that as times passes, at some time in the future, the situation will change to the extent that we can again give consideration to such an arrangement. But as of today I can say unequivocally, as I believe the Senator from Oregon also has said, that I would strongly oppose the admission of Red China into the United Nations; but that does not necessarily mean that the United States should withdraw from the United Nations, even if Red China should be admitted over our strenuous objections.

Mr. JOHNSON of Texas. Would the Senator from New York be so kind as to answer my question?

Mr. LEHMAN. I think I have.

Mr. JOHNSON of Texas. The question was, Does the Senator from New York believe that the American people will refuse to support the United Nations if Red China is permitted to shoot her way into that organization, in the light of the votes in the Senate on this question last year and the year before?

Mr. LEHMAN. The United States certainly should use all means available to us to oppose the admission of Red China into the United Nations at the present time. I believe that the American people and the Congress of the United States would support the Government of the United States in following that course.

But while I thoroughly approve of the suggestion that the foreign policy of the United States be reappraised, I do not think that we should at this time categorically say that, no matter what happens, we intend to go it alone unless we get our way, and that we shall withdraw from the United Nations if we do not get our way. I still believe—and I think the American people believe—that the United Nations is one of the great bulwarks of peace and security in the world.

Mr. JOHNSON of Texas. The Senator from New York is not going to put words into my mouth. Nothing that I said would imply what the Senator has just stated.

I shall repeat my question, and shall ask the Senator if he will give me an answer.

Does the Senator from New York disagree with the observation that the American people will refuse to support the United Nations if Communist China is permitted to become a member of that organization? If the Senator can give me an answer to that question, I would appreciate it.

Mr. LEHMAN. I may say to the distinguished minority leader that the Senate of the United States has already expressed itself with regard to our relationship with Red China. I approved of the resolution which was passed.

Mr. JOHNSON of Texas. Then why does the Senator from New York find this statement so distasteful to him?

Mr. LEHMAN. Wait a minute. I have the floor.

The PRESIDING OFFICER. The Chair reminds Senators once again that the Senate is operating under the 2-minute rule.

Mr. LEHMAN. I believe I have answered the minority leader. I do not presume to speak for all the American people. Perhaps the minority leader presumes to speak for them. I can speak for myself only, and I can say to the Senator that I shall oppose, with all my heart, force, and might, the admission of Red China to the United Nations at this time. But that does not mean that we should forever close the door to a consideration of this matter at any time in the future, multilaterally by all the members of the United Nations, and I do not think we should cut ourselves off from further intercourse with our friends, neighbors, and allies merely because we cannot get our way unilaterally. That would be the height of folly. That would be cutting off our nose to spite our face.

Mr. JOHNSON of Texas. Mr. President—

The PRESIDING OFFICER. Does the Senator request more time?

Mr. JOHNSON of Texas. I ask unanimous consent that I may proceed for 1 additional minute.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the Senator may proceed.

Mr. JOHNSON of Texas. Mr. President, does the senior Senator from Texas understand correctly that he has unanimous consent to proceed for 1 minute?

The PRESIDING OFFICER. The Senator is correct.

Mr. JOHNSON of Texas. I wish to observe that, so far as I am able to detect, the Senator expresses his personal viewpoint that Communist China should not become a member of the United Nations, and he will fight it with all of his strength, and in the same sentence he finds my warning that the American people will not support the United Nations if Red China comes in very distasteful to him. I cannot understand that.

Mr. LEHMAN. May I say to the distinguished minority leader—

Mr. JOHNSON of Texas. I remind the Senator from New York that I have the floor. I repeat the Senator's reply to me. I asked permission to speak for 2 minutes, and the Senator from New York reminded me he had the floor. I shall be glad to yield to him if he wants me to.

Mr. LEHMAN. I may repeat what I said—that as of today I would fight against the admission of Red China as a member of the United Nations.

Mr. JOHNSON of Texas. If the Senator would fight against it, why does he not state on the floor of the Senate that he believes, as the Senate has expressed itself on two occasions, that it will take every step possible to prevent it, and that the American people will not support the move to make Red China a member of the United Nations?

Mr. LEHMAN. Mr. President, did the Senator from Texas yield to me?

Mr. JOHNSON of Texas. I did not yield to the Senator in order that he might interrupt me. I wanted the Senator to answer the question.

Mr. LEHMAN. Does the Senator yield to me?

Mr. JOHNSON of Texas. Yes.

Mr. LEHMAN. Again I repeat my sentiments on the subject. Although I do not presume to speak for all the American people, I believe that the great majority of the American people would at this time say, "No, we are not willing to support the move to admit Red China into the United Nations; in fact, we will fight against it." But that is a very different position from that which has been taken here on the floor of the Senate by the two distinguished leaders, who want to issue an ultimatum today that under no circumstances should Red China be admitted at any future time, and that we will not only fight such a move, but will quit the United Nations if the move succeeds. I say that if a move develops to admit Red China, let us cross that bridge when we get to it, but not categorically oppose it, for all time and

under all conditions. Let us not say we will go it alone, if China is admitted.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. JOHNSON of Texas. The Senator has inaccurately interpreted my remarks, and the Senator insists on misquoting me. No one has stated that we should issue an ultimatum. The statement was made that in the opinion of the Senator from Texas the American people would not support Communist China's becoming a part of the United Nations. The Senator heard that statement. He has heard that statement repeated, but the Senator from New York insists on placing a different construction on it.

Mr. MORSE. Mr. President—

The PRESIDING OFFICER. For what purpose does the Senator address the Chair?

Mr. MORSE. I ask unanimous consent to speak for 2 minutes in answer to the question asked of the Senator from New York by the Senator from Texas.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon to speak for 2 minutes?

Mr. BUSH. Mr. President, I shall not object to the extension of the limitation of 2 minutes at this time, but I shall object thereafter, because I think the Senate has important business to consider. I do not mean to imply that the present subject is not important, but the Senate has met today to discuss further the tax bill. I shall be glad to withdraw objection to the extension of the 2-minute limitation, but henceforth I shall object.

Mr. MORSE. Mr. President, I think the Senator from Texas is entitled to an answer from me to the question which he put to the Senator from New York.

Mr. FULBRIGHT. Mr. President, will the Senator speak a little louder? We cannot hear him.

Mr. MORSE. I said that I think the Senator from Texas is entitled to an answer from me to the question which he put to the Senator from New York, because I think I am involved in the same question.

I wish to say that if the United Nations should ever make the terrible mistake of admitting Red China to the United Nations, the American people, in my opinion, once they came to understand all the facts, would not favor withdrawing from the United Nations, even though they believed the United Nations made a great mistake, because of the two alternatives which would confront the American people. I think that under the circumstances the obligation of the political leadership in this country would be to take the facts to the American people as to what the alternatives would be. In my judgment, if we followed a course of action which would be interpreted around the world as causing a breakdown in the United Nations, we would have the world against us, and before long we would be involved in a third world war. I believe the American people would understand that. I believe the American people believe in the democratic process. They know that sometimes in the democratic process deci-

sions are lost by a majority vote. If we lose this decision, let me say that here is one Senator who would vote in the United States Senate to stay within the United Nations, because, in my judgment, it affords the best possible hope for permanent peace in this world. We ought to continue to present our case to our allies in the United Nations on the Red China and other issues in order to show them the error of their ways. I do not accept the notion that the American people believe in violating a vital rule of the playground, namely, playing by the rules. They do not believe that if you cannot have your way, you should pick up your marbles and go home. If we follow that course of action contrary to the rules we will go home. Unfortunately, I am afraid we will have some enemies visited upon us in a short period of time in a third world war.

The PRESIDING OFFICER. The time of the Senator from Oregon has expired.

Mr. MORSE. I close my reply by saying to the Senator from Texas that I think he is dead wrong if he thinks the majority of the American people would vote to get out of the United Nations if the United Nations made the mistake of admitting Red China into its membership.

Mr. FULBRIGHT subsequently said: Mr. President, I did not hear the speech made earlier this morning by the minority leader [Mr. JOHNSON of Texas], but I heard the statement recently made, and, as a member of the Foreign Relations Committee, I feel that at least I should make a very short statement.

First, Mr. President, I question the wisdom of settling our foreign policy when proceeding under the 2-minute rule. I believe it is a complicated and difficult subject and can hardly be decided with justice in 2 minutes. I do not believe the subject lends itself to such brief treatment.

Next, I wish to say to the minority leader that if we fail in our objection to the admission to the United Nations of Communist China, I do not believe we should withdraw from the United Nations. I do not agree that we should do so. I think to do so or to take that view would be evidence of political immaturity.

Of course, we cannot tell what circumstances may develop in the future, but as of the present, I agree with what I believe to be the sentiment of the majority of the people of the country, namely, that, as of now, Red China should not be admitted to the United Nations.

But I wish the Senate and the country to consider another point: I cannot see why we should be quite so violent in our objection to the admission of Red China to the United Nations at any time, so long as we go along with the admission to the United Nations of Russia, as of now. On the one hand, people say China is under the domination of Russia. On the other hand, I think most persons feel, as I do, that Russia is the moving spirit in the conspiracy. Inasmuch as we have recognized Russia, do business with her, have sent an Ambassador to her, and have received her Ambassador,

I cannot quite understand the fundamental distinction between that relationship and the relationship which would exist upon the admission of Red China, although as of now, and for fundamental reasons, I am not advocating the admission of Red China to the United Nations. But I do not see the consistency of such a policy, especially when we also realize that it was not very long ago that both Japan and Germany were our enemies, whereas now we have made great efforts and spent much time and money in helping them.

Mr. President, I do not know when or if Red China will be admitted to the United Nations—whether now or next month or at any time. However, I think it is a mistake for us to give the other nations the impression that we are now making up our minds that at no time in the future will we ever change our relationship with Red China.

REVISION OF INTERNAL REVENUE LAWS

The Senate resumed the consideration of the bill (H. R. 8300) to revise the internal revenue laws of the United States.

Mr. LONG. Mr. President, I should like to make a 2-minute statement.

Mr. BUSH. Mr. President, reserving the right to object, I should like to ask the Senator from Louisiana if it has to do with the general subject which is being discussed.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. JOHNSON of Texas. Is the Senate not now transacting business in the morning hour?

The PRESIDING OFFICER. It is.

Mr. JOHNSON of Texas. Then it makes no difference with what subject the statement of the Senator from Louisiana will be concerned. The Senator has a right to speak for 2 minutes.

Mr. BUSH. I did not understand we were in the morning hour. Some of the statements had extended for more than 2 minutes.

Mr. JOHNSON of Texas. That was done with the approval of the Senators present.

Mr. LONG. On page 9506 of the RECORD of yesterday the report of the colloquy of both the majority and the minority leaders indicates that at about 10:30 or 11:30 last night it was stated there would be no further yea-and-nay votes and that nothing of great consequence would be decided during the evening.

Thereafter the Senate adopted an amendment which I believe will perhaps double the cost of this tax bill. That was an amendment to permit all farmers or anyone else engaged in the farming business to build grain-storage facilities, corncribs, or similar structures suitable for the storage of grain, and to take a complete 100-percent deduction of the cost of building those facilities. As I understand, there was a limitation in the amendment to the effect that the person who built the corncrib, silo, or grain-storage facility would not be able

to take advantage of this provision to the extent of more than 25 percent of his gross income. What could that mean, Mr. President? It could mean that a man in the oil or gas business, for example, who also owned some cattle or a farm, could proceed, if he had \$1 million of income, to build \$250,000 worth of grain-storage facilities, and, to that extent, that person would completely avoid taxation on the additional \$250,000 of grain-storage facilities.

Mr. President, so far as that man would be concerned, the amendment would have the effect of trebling his net income. I do not believe the Senate wanted to agree to anything of that sort. Yet the RECORD will show that between the hours of 11:30 and 12 o'clock last night, the Senate agreed to that amendment, which places in this tax bill a loophole 1 mile wide and 1 mile high. Mr. President, that was after the Senate had rejected first one minor amendment and then other minor amendments, many of which had merit, and many of which might have benefited various hardship cases.

The PRESIDING OFFICER (Mr. UPTON in the chair). The time of the Senator from Louisiana has expired.

Is there further morning business?

Mr. LONG. Mr. President, I should like to state that I voted against this amendment, although no one spoke for the opposition on the floor.

The PRESIDING OFFICER. Is there further morning business?

EXHIBITION OF IMPORTED ARTICLES AT THE WASHINGTON STATE FOURTH INTERNATIONAL TRADE FAIR

Mr. MILLIKIN. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside, so that we may dispose of several matters which I believe are not controversial, and which involve deadline dates which soon will arrive.

Mr. JOHNSON of Tex.s. Mr. President, will the Senator from Colorado yield to me?

Mr. MILLIKIN. I yield.

Mr. JOHNSON of Texas. Does the Senator from Colorado refer to the measures he brought to our attention earlier this morning?

Mr. MILLIKIN. Yes, exactly.

Mr. JOHNSON of Texas. Very well; we have no objection, Mr. President.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Colorado? Without objection, it is so ordered.

Mr. MILLIKIN. Mr. President, in connection with international trade fairs and similar exhibitions, it has been customary for Congress to suspend or defer our tariff laws insofar as exhibits to be brought to such fairs are concerned.

There are, in connection with procedures customarily followed by Congress, and incorporated in the measures I shall mention, protective provisions to allow such materials to enter the United States and be exhibited at such fairs, although if they remain in the United States and are sold, the usual tariff provisions apply.

The three measures I shall next bring to the attention of the Senate are measures of that kind. One of them, House Joint Resolution 545, Calendar 1713, has to do with the proper entry of articles of the kind I have described, for the purpose of being exhibited at the International Trade Sample Fair, at Dallas, Tex.

Another measure, House Joint Resolution 256, Calendar 1711, has to do with the same subject, in connection with the exhibition of imported articles at the First International Instrument Congress and Exposition, at Philadelphia, Pa.

The third measure, House Joint Resolution 537, Calendar 1712, is of the same sort, and relates to exhibitions at the Washington State Fourth International Trade Fair, at Seattle, Wash. In short, all of these measures contain the same protective provisions.

I may say that these joint resolutions were reported unanimously yesterday, by the Senate Finance Committee. The various communities affected must know where they stand in regard to the tariff situation, before they can really complete their plans to have these fairs. So I hope these measures may be considered by the Senate at once.

Mr. President, should they be considered separately, or would it be proper to have them considered en bloc?

The PRESIDING OFFICER. It would be more appropriate to have them considered one at a time.

Mr. MILLIKIN. Then, Mr. President, I ask unanimous consent for the immediate consideration of House Joint Resolution 537, relating to the fair to be held at Seattle, Wash.

The PRESIDING OFFICER. The joint resolution will be read by title, for the information of the Senate.

The CHIEF CLERK. A joint resolution (H. J. Res. 537) to permit articles imported from foreign countries for the purpose of exhibition at the Washington State Fourth International Trade Fair, Seattle, Wash., to be admitted without payment of tariff, and for other purposes.

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

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

EXHIBITION OF IMPORTED ARTICLES AT THE FIRST INTERNATIONAL INSTRUMENT CONGRESS AND EXPOSITION

Mr. MILLIKIN. Mr. President, I now ask unanimous consent for the immediate consideration of House Joint Resolution 256, relating to the Instrument Congress and Exposition at Philadelphia, Pa.

The PRESIDING OFFICER. The joint resolution will be read by title, for the information of the Senate.

The CHIEF CLERK. A joint resolution (H. J. Res. 256) to permit articles imported from foreign countries for the purpose of exhibition at the First International Instrument Congress and Exposition, Philadelphia, Pa., to be ad-

mitted without payment of tariff, and for other purposes.

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

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

EXHIBITION OF IMPORTED ARTICLES AT THE INTERNATIONAL TRADE SAMPLE FAIR, DALLAS, TEX.

Mr. MILLIKIN. Mr. President, I now ask unanimous consent for the immediate consideration of House Joint Resolution 545, relating to the exhibition of imported articles at the International Trade Sample Fair, at Dallas, Tex.

The PRESIDING OFFICER. The joint resolution will be read by title, for the information of the Senate.

The CHIEF CLERK. A joint resolution (H. J. Res. 545) to permit articles imported from foreign countries for the purpose of exhibition at the International Trade Sample Fair, Dallas, Tex., to be admitted without payment of tariff, and for other purposes.

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

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

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Texas will state it.

Mr. JOHNSON of Texas. Do I correctly understand that the measure just passed is House Joint Resolution 545, relating to the International Trade Sample Fair at Dallas, Tex.?

The PRESIDING OFFICER. That is correct; that joint resolution has now been passed.

FREE ENTRY OF PHILIPPINE ARTICLES INTO THE UNITED STATES

Mr. MILLIKIN. Mr. President, some time ago, when the Philippines were liberated, we made a trade agreement with that Government. For a time duties were suspended between the countries. That arrangement expires on July 4 of this year. House bill 9315, Calendar 1714, provides for the extension of the existing arrangement.

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

Mr. MILLIKIN. I yield.

Mr. JOHNSON of Texas. If the Senator will withhold his request for the consideration of that particular bill at this time, I hope that at some time during the day it will be possible to arrive at a satisfactory arrangement.

Mr. MILLIKIN. Very well.

Mr. JOHNSON of Texas. I thank the Senator.

ADDITIONAL OFFICIALS IN THE TREASURY DEPARTMENT

Mr. MILLIKIN. Mr. President, yesterday Senate bill 3605, to abolish the

offices of Assistant Treasurer and Assistant Register of the Treasury and to provide for an Under Secretary for Monetary Affairs and an additional Assistant Secretary of the Treasury Department was unanimously reported from the Committee on Finance. I ask unanimous consent for the present consideration of the bill.

Mr. DOUGLAS. Mr. President, may I inquire whether the new officials will be subject to Senate confirmation?

Mr. MILLIKIN. I am very glad to add that the new officials will be subject to Senate confirmation.

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. 3605) to abolish the offices of Assistant Treasurer and Assistant Register of the Treasury and to provide for an Under Secretary for Monetary Affairs and an additional Assistant Secretary of the Treasury Department, which had been reported from the Committee on Finance with an amendment, on page 1, beginning in line 3, to strike out "That section 303 of the Revised Statutes, as amended (31 U. S. C. 143), establishing the office of Assistant Treasurer of the United States, is repealed.", and in lieu thereof to insert:

That (a) section 303 of the Revised Statutes, as amended (39 U. S. C. 143), establishing the office of Assistant Treasurer of the United States, and the act approved April 9, 1926 (31 U. S. C. 143a) designating the Deputy Assistant Treasurer as Assistant Treasurer, are repealed.

(b) Section 304 of the Revised Statutes, as amended (31 U. S. C. 144), is amended (1) by striking out "Treasurer may, in his discretion, and with the consent of the Secretary of the Treasury, authorize the Assistant Treasurer to act in the place and discharge any or all of the duties of the Treasurer of the United States; and the", and (2) by striking out "both the Treasurer and Assistant Treasurer" and inserting in lieu thereof "the Treasurer."

So as to make the bill read:

Be it enacted, etc., That (a) section 303 of the Revised Statutes, as amended (39 U. S. C. 143), establishing the office of Assistant Treasurer of the United States, and the act approved April 9, 1926 (31 U. S. C. 143a), designating the Deputy Assistant Treasurer as Assistant Treasurer, are repealed.

(b) Section 304 of the Revised Statutes, as amended (31 U. S. C. 144), is amended (1) by striking out "Treasurer may, in his discretion, and with the consent of the Secretary of the Treasury, authorize the Assistant Treasurer to act in the place and discharge any or all of the duties of the Treasurer of the United States; and the", and (2) by striking out "both the Treasurer and Assistant Treasurer" and inserting in lieu thereof "the Treasurer."

SEC. 2. Sections 314 and 315 of the Revised Statutes, as amended, and the joint resolution approved December 13, 1892 (31 U. S. C. 164, 165, and 166), establishing the office of Assistant Register of the Treasury, specifying the duties of the office, and providing for the appointment of an Acting Assistant Register, are repealed.

SEC. 3. The provision in the act of February 17, 1922, which established the Office of Under Secretary of the Treasury, as amended and supplemented (5 U. S. C. 244), is amended to read as follows:

"There shall be in the Department of the Treasury an Under Secretary and an Under

Secretary for Monetary Affairs, each to be appointed by the President, by and with the advice and consent of the Senate. The compensation of the Under Secretary and the Under Secretary for Monetary Affairs shall be at the rate of \$17,500 each per annum. They shall perform such duties in the Office of the Secretary as may be prescribed by the Secretary of the Treasury."

SEC. 4. Section 234 of the Revised Statutes, as amended (5 U. S. C. 246), is further amended to read as follows:

"234. There shall be in the Department of the Treasury three Assistant Secretaries of the Treasury, who shall be appointed by the President, by and with the advice and consent of the Senate."

The amendment was agreed to.

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

REVISION OF INTERNAL REVENUE LAWS

The Senate resumed the consideration of the bill (H. R. 8300) to revise the internal revenue laws of the United States.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from South Dakota (Mr. CASE).

Mr. MORSE. Mr. President, will the Senator from Colorado yield me such time as I need to ask the Senator from South Dakota a few questions with regard to his amendment?

Mr. MILLIKIN. Certainly. I assume there will be some limit to the time.

Mr. MORSE. I shall require not more than 3 minutes.

Mr. MILLIKIN. The Senator may have more time than that if he desires.

Mr. MORSE. Mr. President, I do not find myself in opposition to what I think is the objective of the amendment, but I respectfully suggest that I think the wording of the amendment needs to be improved and clarified. The language reads in part as follows:

And if no part of the net earnings thereof inures to the benefit of any private stockholder or individual.

There are a great many types of rodeos and pageants. The benefits from a rodeo or a pageant may not necessarily go to any historical group or historical objective, or to any charitable objective. The rodeo may be put on by some organization such as the Rotary Club, the Kiwanis Club, or any one of many organizations within the community. In that event the benefits would not inure to any private stockholder or individual. However, the benefits should be taxed unless they go to a worthy public purpose. Where the benefits are to go for charitable purposes, or to a historical cause, such as a historical museum, I certainly think the benefits should not be taxed.

In my judgment, from a legal standpoint, the language "and if no part of the net earnings thereof inures to the benefit of any private stockholder or individual" does not plug a possible loophole for use of such funds for a purpose contrary to what I think is the objective of the Senator from South Dakota, with which objective I am in complete agreement.

Mr. CASE. Mr. President, I think the answer may be found in the clauses im-

mediately ahead of what the Senator has read. I refer to the language beginning in line 7:

If the proceeds therefrom are used exclusively for the improvement, maintenance, and operation of such rodeo or pageant—

Both that clause and the other clause—"and if no part of the net earnings thereof inures to the benefit of any private stockholder or individual" are identical with the language in the present statute on other exemptions, and also in the amendments reported from the Senate Committee on Finance.

At page 358 of the committee amendments, a paragraph numbered (7) is added to the six paragraphs which are in the bill as it passed the House. The paragraph reported from the committee reads as follows:

Certain amateur theater performances: Any admission to an amateur performance presented and performed by a civic or community theater group or organization—if no part of the net earnings thereof inures to the benefit of any private stockholder or individual.

That language is identical with the language in my amendment, which would become paragraph (8).

In the House bill, at page 445, in an earlier paragraph headed "Agricultural fairs," the language reads:

Any admissions to agricultural fairs if no part of the net earnings thereof inures to the benefit of any stockholders or members of the association conducting the same—if the proceeds therefrom are used exclusively for the improvement, maintenance, and operation of such agricultural fairs.

The PRESIDING OFFICER. The time of the Senator from Oregon has expired.

Mr. CASE. Mr. President, I presume I have an hour under the unanimous consent agreement. I do not intend to debate the amendment very long. I am perfectly willing to yield additional time to the Senator from Oregon.

Mr. MORSE. I thank the Senator.

The statutory precedent cited by the Senator from South Dakota is a very good precedent, and would be entirely acceptable to me if I did not know as much as I do about the various types of rodeos and historical pageants. Many of them are really, in a way, quasi-private enterprises. Those who conduct them may put on some charitable performance, but they put on a great many performances which are not for charitable causes. The charitable causes which they support are very beneficial to them in connection with their commercial showings.

It seems to me that what we ought to do is to insert language which would require—in the affirmative rather than the negative—that all the net earnings thereof inure to the benefit of some public charity or worthy public cause.

Mr. CASE. Does not the Senator think that is covered in line 7 of the amendment by the language which reads:

If the proceeds therefrom are used exclusively for the improvement, maintenance, and operation of such rodeo or pageant—

That language puts it practically on a self-supporting basis.

Mr. MORSE. That is the point I wish to make. The language which the Senator cites permits the funds to be used for the benefit of the rodeo or pageant organization. Those who conduct the performances will get their expense money out of the proceeds anyway. That is a part of the gross, not the net. What I think we ought to guarantee is that the net earnings—this is the part concerned with taxes—are to be used for some public charity or historical purpose. Then if the organization qualifies under that requirement, it can obtain the tax exemption the Senator seeks.

Mr. CASE. If the language needs some tightening in that connection I certainly would be in favor of having that done, although I believe the basic bill and the revised code use identical language in the provision applicable to exemptions for historical sites, community entertainments, and musical concerts, and agricultural fairs.

Mr. MORSE. I believe that is a strong argument.

Mr. CASE. To be specific, the bill reference to admissions to concerts conducted by a civic or community membership organization says, "if no part of the net earnings thereof inures to the benefit of any stockholders or members of such association," and so forth. That is the same language as in my amendment.

Mr. MORSE. I do not intend to submit an amendment to the Senator's amendment. I believe we have made the record on this matter. I hope the chairman of the Finance Committee will take the amendment to conference. I have accomplished my purpose of pointing out a problem and I conclude by saying to the chairman that I believe he will find if he comes to examine the organization of rodeos across the country that my point is well taken. I am a strong rodeo fan, having ridden in some rodeos, although only as what is called a pick-up man, not as a broncobuster. There are different types of rodeos and there are different types of historical pageants, which are put on by quasi-private organizations. I am sure the chairman will give consideration to a guaranty that the proceeds of any program covered by the amendment will be used for a public purpose or for a charitable purpose or for a historical cause.

When such programs are put on within the objective of the amendment, I agree that the proceeds should be tax exempt.

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

Mr. CASE. I yield.

Mr. WELKER. I should like to ask this question of the Senator from Oregon: Will my distinguished friend from Oregon tell me whether or not the world's greatest rodeo, the Pendleton Roundup, comes into the category he is discussing?

Mr. MORSE. I believe the Pendleton Roundup is a quasi-private rodeo but its proceeds go to good public causes.

Mr. WELKER. Do they not distribute the receipts for the benefit of underprivileged persons or crippled children?

Mr. MORSE. Yes, they do.

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

Mr. CASE. I yield.

Mr. MILLIKIN. Mr. President, I believe the Senator from Oregon [Mr. MORSE] has made some very pertinent observations, and I can assure him that they will not be overlooked in conference. I am willing to take the amendment to conference. In some aspects the amendment, together with a few other amendments which we have already approved, is a little bit outside of what we hoped to do in this bill, but these are very worthy causes. As I said, I am willing to take the amendment to conference, and I shall keep in mind the observations of the Senator from Oregon. I hope the Senator from South Dakota and the Senator from Oregon will give the conferees any suggestions that will improve the situation.

Mr. CASE. I appreciate the statement of the chairman of the committee, and also the suggestions made by the Senator from Oregon. I assure them and the other Members of the Senate that it is not the intent of the amendment in any way to take care of private rodeo organizations, but to limit it strictly to noncommercial, nonprofit community presentations. These rodeos and historical pageants in many sections of the country correspond to agricultural fairs or community concerts in other sections. In my hometown of Custer, S. Dak., for example, we have the annual Gold Discovery Days pageant, which is presented by the Women's Community Civic Club. It is definitely a communitywide event in which everyone joins with no thought of private profit. It portrays the history of the community, the discovery of gold, and the subsequent conflicts between the miners and the Indians. It is strictly historical and contributes to love of country. But the women find it difficult to meet expenses some years and they need to accumulate some reserves. In fact there was some suggestion that they might have to abandon the pageant this year because of the amount of receipts that were required to pay the taxes last year.

Similar difficulties have been encountered at other places. Deadwood's historic days of '76 have had the same problem. At Deadwood there is a combination of an historical parade and rodeo, one of the best in the West.

The problems of these community groups led the South Dakota delegation to see what could be done about the matter—and the RECORD should show, Mr. President, that I have offered this amendment with my colleague [Mr. MUNDT] as cosponsor.

These pageants and rodeo-pageants are presented on anniversary dates once a year and are essentially historical in character. They are in keeping with the events for which exemptions of admission taxes have been granted, and I thank the chairman of the committee for his offer to accept the amendment.

Mr. MORSE. Will the Senator yield?

Mr. CASE. I yield.

Mr. MORSE. In my home town we have a Pioneer Pageant which is put on about once every 4 years. It falls com-

pletely under the category of historical pageants which the Senator has in mind. I think that relief ought to be provided.

Mr. CASE. I thank the Senator from Oregon.

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

Mr. CASE. I yield.

Mr. LONG. I should like to state that I am in support of the amendment. In many instances we find these types of rodeos and shows held by universities. In each instance they must pay a tax. In my State there are instances of civic undertakings which are promoted by the livestock industry, and it is very burdensome for them to have to pay the taxes which are imposed. In a very few cases we have given relief from the admissions tax. We have already given relief from the admissions tax in other instances, and I believe this is a type of relief that should be given, and I am delighted to support the amendment.

The PRESIDING OFFICER (Mr. UPTON in the chair). Is any further time required?

If not, the question is on the agreeing to the amendment offered by the Senator from South Dakota [Mr. CASE].

The amendment was agreed to.

Mr. DOUGLAS. Mr. President, I call up my amendment "6-30-54-F," with the modification that was added to the amendment at the desk this morning. The Senator from Iowa [Mr. GILLETTE] and the Senator from Minnesota [Mr. HUMPHREY] join with me in offering the amendment. I ask that it be stated.

The CHIEF CLERK. On page 54, after section 175, it is proposed to insert a new section as follows:

SEC. 176. Farm machinery expenditures.

(a) In general: For purposes of this subtitle, a taxpayer engaged in the business of farming may treat expenditures which are paid or incurred by him during the taxable year to acquire farm machinery as expenses which are not chargeable to capital account. The expenditures so treated shall be allowed as a deduction.

(b) Definition of farm machinery: For purposes of this section, the term "farm machinery" means only machinery designed primarily for use in the conduct of farming operations and, regardless of the use for which so designed, is used by the taxpayer primarily in the conduct of his business of farming.

(c) Limitation: The amount deductible under subsection (a) for any taxable year shall not exceed 25 percent of gross income. If for any taxable year the total of the expenditures treated as expenses which are not chargeable to capital account exceeds 25 percent of gross income, such excess shall be deductible for the succeeding taxable years in order of time; but the amount deductible under this section for any one such succeeding taxable year (including the expenditures actually paid or incurred during the taxable year) shall not exceed 25 percent of gross income.

(d) Election of taxpayer:

(1) Time of election: The election by the taxpayer to treat expenditures to acquire an item of farm machinery as expenses not chargeable to capital account shall be made at the time of filing his return for the first taxable year in which such expenditures are paid or incurred.

(2) Scope of election: A separate election shall be made by the taxpayer with respect to each item of farm machinery and such election shall apply to all expenditures paid

or incurred in any taxable year to acquire such item.

(3) Failure to make election: If the taxpayer fails to make an election to treat expenditures to acquire farm machinery as expenses not chargeable to capital account at the time prescribed in paragraph (1), and in the manner prescribed by the Secretary or his delegate, such failure shall be considered as an election not to so treat such expenditures.

(e) Special rules:

(1) Basis of property: Notwithstanding the provisions of section 1012 (relating to basis of property), the basis of any item of farm machinery for the acquisition of which a deduction has been allowed under subsection (a) shall be \$0.

(2) Treatment of gain as ordinary income: In the case of the sale or exchange of any item of farm machinery for the acquisition of which a deduction has been allowed under subsection (a), any gain recognized from such sale or exchange shall be considered as gain from the sale or exchange of property which is neither a capital asset nor property described in section 1231.

(3) Disallowance of deduction for depreciation: No deduction under section 167 (relating to deduction for depreciation) shall be allowed with respect to any item of farm machinery for the acquisition of which a deduction has been allowed under subsection (a).

(g) Effective date: This section shall apply only to expenditures paid or incurred to acquire farm machinery which is acquired after December 31, 1953, but before December 31, 1955.

The PRESIDING OFFICER. How much time does the Senator allot to himself?

Mr. DOUGLAS. One hour, or such smaller amounts of time thereof as may suffice.

Mr. President, this amendment is a very simple one. It proposes to grant accelerated depreciation on farm machinery. At the present time farmers operate under a depreciation table which is set out at pages 12 and 13 of Bulletin F of the United States Treasury Department. The life, for example, of a tractor, is set as 10 years. Therefore, at the present time, only one-tenth can be written off each year. Under the provisions of the pending bill, of course, there would be an accelerated rate which would result in approximately twice the normal rate in the first 5-year period and one-half the rate in the second 5 years.

Furthermore, it is interesting to note some of the long periods of amortization provided for other types of farm equipment. For example, grain harvesters are given a life of as much as 15 years; corn binders, 12 years; grain binders, 14 years; canning machines, 15 years; cultivators, 15 years; fertilizer distributors, 12 years; hay and seed loaders, 10 years; farm mowers, 14 years; plows, 15 years. The Treasury Department is responsible for the statement that the average life of farm machinery provided for in the present depreciation allowance of the Treasury amounts to 15 years.

Mr. President, I ask unanimous consent to insert in the RECORD the schedule of useful life of various types of farm equipment as published by the Treasury Department. The source is pages 12-13 of the Treasury Department Bulletin F, subtitled "Income Tax Depreciation and

Obsolescence Estimated Useful Lives and Depreciation Rates."

There being no objection, the schedule was ordered printed, as follows:

DEPRECIATION PERIOD FOR FARM EQUIPMENT

The lives set forth pertain to the prime producers in agriculture. On a composite basis, agricultural property is generally divided into buildings, taking approximately a 50-year average life, and machinery and equipment, taking a 15-year average life.

Item lives for the various assets used in agriculture are tabulated as follows:

Average useful life (years)

Average useful life (years)—Continued	
Grinders, grain and feed	15
Groves. (See trees and vines.)	
Harness	7
Harrows	15
Harvesters, grain	15
Headers	15
Hoists and forks, hay	12
Hullers, clover and alfalfa	15
Huskers	15
Ice boxes	12
Ice harvesting and hoisting machinery	10
Incubators and brooders	15
Laboratory equipment	10
Listers	15
Loaders, hay and seed	10
Milking machines	20
Mills and presses, cider	15
Mills:	
Corn, portable	12
Feed	15
Grist	25
Smut	15
Mowers:	
Farm	14
Lawn	8
Orchard tools	7
Orchards. (See trees and vines.)	
Packing tools	10
Pens	20
Picking machines	5
Planters	15
Plows	15
Press, hay, baling	12
Pullers, beet	18
Pullers and grubbers, stump	20
Pulverizers, limestone	10
Pumps:	
Bucket	22
Centrifugal or rotary	20
Plunger	15
Racks:	
Feed	10
Hay and stack	15
Rakes	15
Refrigerators, electric	15
Saddles	10
Saws, circular	15
Scales:	
Portable	15
Truck or wagon	25
Seeders, all types	18
Separators, cream or grain	15
Setters, plant	12
Shearing machines, hand and power	18
Shellers, corn	20
Shredders	15
Silos:	
Concrete	50
Metal	25
Wooden	20
Sleds and sleighs	15
Smudge pots	10
Sorters, potato	20
Sowers:	
Grain, broadcast	15
Lime	8
Sprayers	15
Spreaders, manure	15
Stackers, hay	20
Subsoilers	10
Tanks:	
Grain—	
Concrete	50
Metal	25
Turpentine	5
Wagon	10
Water—	
Steel	40
Wood	20
Watering	20
Tarpaulins	8
Threshing machines	15
Tractors	10
Trees and vines:	
Almond	40
Apple	50
Apricot	25
Banana	10
Cherry	50
Fig	60

Average useful life (years)—Continued

Trees and vines—Continued	
Grape	33
Grapefruit	40
Lemon	40
Nectarine	15
Olive	50
Orange	40
Peach	15
Pear	40
Plum	33
Prune	33
Walnut	40
Troughs, iron and steel	15
Vats, dipping	10
Wagon beds and racks	6
Wagon gear—wood wheels	12
Wagons:	
Light	12
Trucking, heavy duty	10
Weighers and baggage, grain	20
Windmills	20

Source: Bulletin F, Bureau of Internal Revenue, U. S. Treasury Department (revised January 1942).

Mr. DOUGLAS. Even with the more liberal provisions in the pending bill, this operates to discourage the farmer from purchasing farm machinery because the expense is immediate. But the credit has to be spread over 10, 15, and, in some cases, an even greater number of years.

I think we all know that the farm-machinery industry is in difficulty. In fact, the present recession largely started in the farm-equipment industry. It was the farm-equipment centers in my State which, as early as last summer, felt the falling off in sales, production, and employment. While there was a temporary pickup during the past spring incident to the production of new models, the pickup has ended and the layoffs are proceeding in great numbers in the farm-equipment centers. The truth of the matter, of course, is that the farmers are reluctant to purchase farm equipment, in view of the farm situation and in view of the meager allowance which is given for depreciation. We all know that farm prices, particularly for hogs, are continuing to fall, and with the large pig crop coming into the market, the prospect is for a still further drop in the price of hogs.

I think the amendment which the Senate adopted last night with reference to farm storage will help to hold back from the market some wheat which otherwise would have had to be dumped at low prices, but this may come too late to do any good, and we may face a sharp fall in wheat prices and a lowering of corn prices. Therefore, Mr. President, it seems to me that some provision should be made for accelerated depreciation for farm machinery.

HOW THE FARM-MACHINERY AMENDMENT
WOULD WORK

Our amendment to H. R. 8300, the Internal Revenue Code of 1954, would permit farmers to deduct the costs of farm machinery in computing their Federal income tax, rather than capitalizing such costs and deducting each year an amount for the depreciation of such machinery.

Farm machinery is defined to mean machinery designed primarily for use in farming operations and, regardless of the use for which designed, used by a farmer primarily in the conduct of his

business of farming. This definition would exclude machinery designed for general use in business operations, not primarily for farming operations, and would require that the machinery actually be used primarily in the conduct of the business of farming.

Under the proposed amendment, up to 25 percent of gross income of expenditures paid or incurred to acquire farm machinery in any year could be deducted. However, if in any year a farmer has expenditures for acquiring farm machinery of more than 25 percent of his gross income, he could carry over the balance and deduct it in succeeding taxable years, but not over 25 percent of gross income in any one year.

This new procedure for deducting the costs of farm machinery would apply only if the farmer so elects. His election is to be made at the time he files his income-tax return for the taxable year in which the expenditures for farm machinery are paid or incurred. An election must be made for each item of farm machinery acquired, and must apply to the total cost of such item of farm machinery. Thus a farmer in any year could elect to apply the new procedure to some machinery which he acquires and not to other machinery, but he could not apply the new procedure to a portion of the cost of a single item of farm machinery.

The amendment provides three special rules to make this new procedure consistent with the general income-tax structure.

First. The basis for determining gain upon sale or exchange of any item of farm machinery to which the new procedure is applied would be \$0. The reason for this is that the farmer has been allowed to deduct the total cost of the item in the year or years in which the expenditures for such items were paid or incurred. The effect is that upon the sale or exchange of any such item any amount received for such item would constitute gain to the farmer.

Second. Any gain recognized from the sale or exchange of any item of farm machinery to which the new procedure has been applied would constitute ordinary income, rather than capital gain. The reason for this is that the deduction of the cost of the item would, in most cases, have offset ordinary income in the year in which the deduction was taken.

Third. No deduction would be allowed for the depreciation of any item of farm machinery to which the new procedure has been applied since the total cost has been deducted in the year or years in which the expenditures for the item were paid or incurred.

The amendment would apply only to farm machinery acquired after December 31, 1953, and before December 31, 1955. It would therefore be limited to 2 years.

WHY THE FARM MACHINERY AMENDMENT
SHOULD BE ADOPTED

This amendment, which the Senator from Iowa [Mr. GILLETTE], the Senator from Minnesota [Mr. HUMPHREY], and I have offered, is very simple in its purpose and its operation. It allows a farmer to elect either to amortize the cost of new

farm machinery over an average period of approximately 15 years, as is now required, or take a tax deduction up to 25 percent of gross income for tax purposes, for the purchase of new machinery, and to carry over that portion of cost which may exceed the amount of 25 percent of his gross income.

Thus, if a farmer spends \$5,000 in one year for a new tractor, combine and power hay baler, he may either amortize that cost over 10 years, or, if his gross farm income is \$20,000 in that year, he may charge off in computing his taxes, the entire cost. If his gross farm income should be \$16,000, he would be permitted to charge off \$4,000 if he so desired, and carry over the remaining \$1,000 as a tax allowance on his next year's income.

In other words, we propose to extend to the purchase of farm machinery-needed and used in actual farming operations, in producing, processing or getting crops ready for market—the same tax treatment that is accorded in the case of the construction of a farm pond.

It seems to me that this, in view of what we are doing in this tax bill, and the tax amortizations we have granted to utilities, national defense plants, and the benefits we are proposing to give to investors and stockholders, is entirely fair.

The farmer has one of the biggest investments in this country—\$165 billions. His total real estate and non-real estate debt is in round figures \$14.4 billions. He has to carry his own investment, in short; he can't go out and sell stock and let others supply the money for his operations. His total income is \$34 billions—using round figures—and, excluding income taxes which everyone pays, in 1952 the farmer paid in addition \$821 millions of real estate taxes, \$230 millions on his personal property, \$119 millions for licenses and permits, \$159 millions of State motor fuel taxes, and \$121 millions of Federal motor fuel taxes.

His operations are costly, hazardous, and the results uncertain. The farmer uses 16.6 percent of our petroleum products, 9 percent of our steel output, 10 percent of all chemicals, and 12.7 percent of all rubber.

Not all farmers would elect to take the 25 percent of gross income allowance, in all probability. The farmer could be depended upon to choose whichever method would be most advantageous to himself in the long pull.

But this amendment would be of invaluable help to the small, independent farmer whose net income has not permitted him to mechanize his operations and reduce his costs, or who is attempting to farm with, in many cases, worn-out machinery. The farmer with 160 acres, which is just about the average in Illinois today—158.9 in 1950—hasn't sufficient annual net income to purchase adequate machinery if he must amortize his investment over a 10-year period.

Rather, he has to borrow at the bank, pay an average of 5.5 percent interest on his loan and replace his machinery as it becomes no longer usable.

Not all farmers would replace all the machinery now on farms. The farmer is one of our most prudent investors and

careful users. Therefore, it must not be expected that he would seek to replace perfectly good and usable machinery. This amendment is intended to help the farmer obtain machinery, out of his own pocket, when he needs it, by providing a quicker tax allowance than is now granted.

It would, I submit, put the farmer on more equal basis with those others to whom we are granting accelerated tax writeoffs.

It would encourage him to modernize and make more economical his farm operations.

It would enable him to decrease his borrowings from the banks, and thereby lessen his overhead load of interest charges.

It would enable him better to follow out acceptable soil conservation and farm practices. And by giving the farmer an incentive now to convert to machinery or replace that which is worn out, it would help to reestablish purchasing, production, and employment in the farm-equipment industries.

In October of 1952, I saw the first beginnings of economic setback hit in the farm-equipment industries of Illinois, and from there the shock traveled over into other industries such as steel, coal, automobiles, and consumer goods. I believe that this amendment would do much to speed a return to full prosperity in all industries.

It is impossible to estimate the amount it would deprive the Government of in taxes. Whatever that amount might be, it is equally impossible to tell how much it might return to the Treasury through persons put back on jobs and, hence, returned to the individual income-tax rolls, through dealer and corporation profits as business is improved.

Aside from all of that, it seems to me it is a matter of simple equity to attempt, while we are at this tax job, to establish the farmer, who after all is at the foundation of our economic system, on a firm basis. I submit that the attempt should be made, and it is in that spirit that we have offered this amendment.

Under the proposal which I am offering in conjunction with the Senator from Iowa [Mr. GILLETTE], and the Senator from Minnesota [Mr. HUMPHREY] up to one-fourth of gross income could be used from which the cost of farm machinery could be charged off in a single year. The farmer could elect either to take the present depreciation schedules as accelerated under the new bill, or he could charge off the entire cost of the farm machinery in the current year up to 25 percent of gross income.

I may say that something like this same principle was put into the bill at my suggestion by the Committee on Finance concerning the conservation of water supply on the farm, and I want to thank the chairman of the committee for his courtesy and foresight in accepting that amendment, which I think will do something to conserve soil and the farm water supply. I hope that in view of the very difficult farm machinery problem the chairman of the committee will be willing to accept the amendment which the Senator from Iowa, the

Senator from Minnesota, and the senior Senator from Illinois now propose.

Mr. MILLIKIN. Mr. President, the distinguished Senator from Illinois was good enough to furnish the Senate Finance Committee with his views on a number of questions, including the one which he has just been discussing. The Senate Finance Committee gave very careful consideration to his views, as did also the staff of the committee. The Senator and I have quarreled a little bit about bringing up proposals on the floor initially and not giving the committee a chance to be advised concerning them. So I said to the committee, when we received the Senator's letter, "For goodness sake, I do not want to be put in a hole in connection with this matter, and I have advised the Senator to appear before the committee. This is in the nature of an appearance. Let us give his request the most serious consideration." That, I assure the Senator, was done.

The committee did not feel it could go into all the details of the Senator's suggestion, but it did do a lot of things for the benefit of the farmers. The farmer has the benefit of accelerated depreciation; he has special privileges as to storage—

Mr. DOUGLAS. But the committee did not put in the storage provision; it was put in last night by a bill sponsored by the Senator from Minnesota [Mr. HUMPHREY], the Senator from Iowa [Mr. GILLETTE], and myself. So the Senator from Colorado should not claim credit for something which was done on the floor.

Mr. MILLIKIN. I am not claiming credit for it. I am not much of a credit claimant. At least, if I do claim credit for anything, I do it indirectly; I do not like to be blatant about it.

Mr. DOUGLAS. The Senator is never blatant; he is always extremely subtle.

Mr. MILLIKIN. I do not want that, either.

Mr. DOUGLAS. One of the things that are so delightful about the Senator is his method of approach combined with his sledge hammer sense of humor.

Mr. MILLIKIN. I will say to the distinguished Senator that the Senate Finance Committee considered the request of the Senator from Illinois. I did not say that the things to which I was referring were done this year, but the whole complex of benefits to the farmer includes soil conservation, rapid amortization, and the other general benefits of the bill. I thought it was the general consensus of the committee that we had gone as far as was practicable at this time. There was a friendly feeling for measures benefiting the farmer.

Mr. DOUGLAS. In other words, there was friendship, but no action.

Mr. MILLIKIN. I challenge the statement that there was no action. We have given accelerated depreciation to farm machinery. Accelerated depreciation on farm machinery is very important to the farmer. There is already in the law beneficial provision as to storage bins. I really believe we have gone as far as we can go at this time. The committee

was not hostile; it was friendly. It was not hostile to the requests of the distinguished Senator from Illinois. I think we gave them very close consideration. I would think if he studied everything along this line contained in the bill on this subject, the Senator would not say he was kicked in the face.

Mr. DOUGLAS. I would never charge that I had been kicked in the face. "Beneath the bludgeoning of fate, my head is bloody but unbowed."

Mr. MILLIKIN. I would not want the Senator's head to be either bloody or bowed.

Mr. BUSH. Mr. President, can the Senator tell us generally what are the terms of payment for equipment sold now?

Mr. DOUGLAS. Generally, 3 years; and the average interest rate is 5 1/2 percent.

Mr. BUSH. Does the Senator's amendment contemplate that if a man buys a piece of equipment for, let us say, \$1,000, he can deduct the whole \$1,000 on the date of delivery, regardless of the fact that he may not complete payment on the equipment for 3 years?

Mr. DOUGLAS. He can deduct it up to 25 percent of his gross income.

Mr. BUSH. I understand that; but to the full extent, he can use the money he has saved on taxes and can go ahead and pay for the machinery over the succeeding year or two?

Mr. DOUGLAS. The Senator is correct. That would have the effect of reducing the indebtedness of farmers to lending institutions, and hence of reducing the interest charges which they must now pay.

Mr. LONG. Mr. President, will the Senator from Colorado yield me 3 minutes?

Mr. MILLIKIN. I yield 3 minutes to the Senator from Louisiana.

Mr. LONG. As I said earlier today, the Senate made itself ridiculous last night by accepting the amendment providing for an unlimited reduction in taxation for those who want to build grain-storage facilities. I am trying to get estimates on that item now. Our staff is contacting the Department of Agriculture. Because the amount was enormous, it is difficult to estimate.

The best estimate of our staff is that the particular amendment now pending will cost the Treasury \$540 million in the first year. This is the way in which that is calculated: The annual expenditures for farm equipment aggregate about \$2,100 million, with the present average depreciation rate of from 6 1/2 to 13 percent on a declining balance. Then, deducting from that the additional 87 percent depreciation, the amount would run to \$1,800 million.

If it be estimated that the farmer was paying an average of a 30-percent tax rate, that would then mean there would be a revenue loss to the Federal Government, based on this amendment, of \$540 million.

Mr. President, the committee has given the farmer accelerated depreciation. The committee has attempted to work out a great number of proposals relating to soil conservation and other ex-

penditures on the farms, in order to give the farmer a particular tax preference and tax advantage.

But I submit that this particular amendment would increase the cost of the bill, as it presently stands, by almost 50 percent. The Government simply cannot stand that large a revenue loss. Therefore, I hope the amendment will not be agreed to.

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

Mr. LONG. I yield.

Mr. SMATHERS. Does the Senator from Louisiana have any idea of what the revenue loss would be from the amendment offered last night by the Senator from Minnesota [Mr. HUMPHREY]?

Mr. LONG. Because the cost is so astronomical, it will take some time for the staff to estimate the amount.

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

Mr. LONG. I yield.

Mr. DOUGLAS. I do not know where the staff of the committee or the Senator from Louisiana got the figures showing that farm machinery sold in this country amounted to \$2.1 billion. I have in my hand the agricultural statistics for 1953, which is the latest volume. I read from page 562. It shows that the total of manufacturers' shipments, for use in the United States—not for use overseas, but for use in the United States—amounted to \$1,681,000,000. The loss certainly would not be more than 20 percent of that figure, and, indeed, might not be so much as that. So instead of the \$500 million which the staff has conjured up, it would seem to me that the total would not exceed \$320 million or \$340 million.

Mr. LONG. The Senator starts with a beginning figure of 25 percent below the beginning figure given me by the staff.

Mr. DOUGLAS. Let the staff get the most recent figure.

Mr. LONG. If we accept the figures stated by the Senator from Illinois as beginning figures, we end with a revenue loss of about \$450 million.

Mr. DOUGLAS. I think the staff is operating on the figures of 1950, which were \$2,100,000,000, but they included, I may say, \$308 million for export. My figures are for 1952, which show that the shipments for use in the United States amounted to \$1,681,000,000. Even allowing a 20 percent figure for that, it would be only \$340 million. Actually the net cost would be much less than that because it does not take into account present depreciation practices nor trade-ins.

I think the Senator is completely off base on his farm storage figures; and I believe the Senator from Minnesota can reply to that statement.

Mr. LONG. Based upon the Senator's calculation, if we assume that the farmer was in an income-tax bracket where he paid as high as 30 percent, which is not an unreasonable assumption, then, even if we accepted the figure of the Senator from Illinois, his amendment would still cost about \$450 million a year, in addition to the \$1 billion, or \$1 billion-plus,

in the amendment offered by the Senator from Minnesota.

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

Mr. DOUGLAS. I yield.

The PRESIDING OFFICER. How much time does the Senator from Illinois yield to the Senator from Minnesota?

Mr. DOUGLAS. I yield as much time as the Senator from Minnesota may require within the limits of 1 hour.

Mr. HUMPHREY. I wish to say to my good friend, the Senator from Louisiana—and this would seem to be understood in his line of argument—that to estimate that a farmer would be in the 30 percent income-tax bracket denies all known statistical evidence, because the average family income of the farmer in America is about one-half of the urban dweller's income; and the average farmer's income last year was \$852. How does the Senator from Louisiana get farmers into the 30 percent income-tax bracket?

Mr. LONG. The particular farm workers mentioned by the Senators from Minnesota do not need the benefit of such a provision as this. I am certain the Senator from Minnesota realizes that.

Mr. HUMPHREY. I might also point out to the Senator from Louisiana that sales of farm machinery and farm equipment are down about 17 percent. The largest bloc of unemployed workers is in the farm equipment and machinery area. So I may say to the Senator from Louisiana and to Senators who associate themselves with him that by fighting against the Douglas amendment they are simply saying they would rather have farm equipment sales off 17 percent, and have unemployed workers in the farm equipment business, than to have farmers able to buy equipment and thus to stimulate production and to create jobs. If ever there was an area in the American economy where there is need for some stimulant, it is in this particular area today.

I wish to direct my attention for a moment to the very unusual statement made by the Senator from Louisiana with respect to the staff's estimate as to the cost of the grain storage amendment being in astronomical figures. I will say the staff are star-gazing. That is why the figures are astronomical. They are star-gazing. They are off into the "wild blue yonder."

First of all, if the farmer does not build grain storage facilities, the Government will. If the Government builds them, the Government will pay every last red cent, plus, I may say, undoubtedly some extra charges, because if the Government builds grain storage facilities as it built section 608 apartments, undoubtedly there will be some extra charges.

If Mr. Farmer builds the extra grain storage facilities, it will not cost any more than if the Government builds them. The only other alternative is to have the grain trade build such facilities, and if they build them, the cost can be written off by accelerated depreciation. In fact, under a recent ruling, they can now get accelerated amortiza-

tion, and then charge the Government rates which will liquidate and finally amortize the cost of the whole expenditures, plus having obtained quick write-offs.

Let us face up to the situation. Only so much space is needed; and the amount needed will be determined by the size of the crop. If Senators want a price support program, they will have to provide storage facilities. We went over this subject last night. If we want a currency system, it is necessary to have banks. We cannot go around working out of a shoe box. If we want to have a grain storage program, it will be necessary to provide storage facilities.

The only question, then, is, Who is to build the facilities? Who is to build the great steel storage tanks which are necessary for the storage of corn, wheat, and other agricultural products? Who is to build the warehouses in which cotton will be stored? Will it be the Government? If the Government builds them, it will cost more than if the farmer builds them.

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

Mr. HUMPHREY. I yield.

Mr. DOUGLAS. The proposal of the Senator from Minnesota, in which the Senator from Illinois was very happy to join, is, therefore, a proposal against socialism; is it not?

Mr. HUMPHREY. I want to say there never was more free enterprise than there is in this proposal.

I should like to make a further comment. Every time there is a proposal in the Senate which would help someone who works for a living, someone who is not a coupon clipper, the staff digs up figures to indicate that it would almost wreck the Federal budget. I have never seen such economic archeologists. They can dig and dig and come up with facts and figures which terrify the Senate. But when the public domain is practically being given away, when a depletion allowance is proposed on everything from clamshells to oil wells, it is then stated that it will not cost very much—just a few dollars—and we are told not to forget the poor little stripper well and the poor fisherman bringing in oysters. We find many tears being shed for them, and the statement is made that it will not cost anything.

When there is a proposal for accelerated depreciation on everything from toothpicks down to doorknobs, we are told that is not going to cost the Treasury any money. Of course, it will cost the Government several billion dollars for a few years, but after that there will be manna from heaven, and the blessings of materialistic abundance will fall on the economy, and it will not cost us anything. But mention giving the benefit of an additional hundred dollars for exemptions for dependents, and we are told it will ruin the country and that the Treasury will not be able to stand the burden. Mention providing benefits in the way of farm grain storage, and we are told that something terrible will happen, and that it will cost the Treasury \$400 million.

I do not go so far as to say we have before us a giveaway bill, but, believe me, there are plenty of benefits in the bill; and I am of the opinion that if benefits are to be provided in the bill, the benefits ought to be relatively equally shared.

I happen to have some doubts about a vote which I cast yesterday regarding accelerated depreciation. I have said this privately to my colleagues. A provision for accelerated depreciation has real merit in terms of stimulating business activity. I think it is all a matter of how and when it is used, the time and the place.

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

Mr. HUMPHREY. I am always happy to yield to the Senator from Louisiana.

Mr. LONG. Does the Senator realize that the best estimates we can get indicate that the amendment which he is supporting would cost twice as much as the depreciation provision for everybody against which the Senator voted?

Mr. HUMPHREY. If the farmers had nothing else to do but build grain-storage bins, if they concentrated 24 hours a day, with their relatives, on building grain-storage bins, I do not believe the cost of the operation of the amendment would be equal to the cost of the accelerated-depreciation provision applied to everybody, from the largest factory to the smallest speakeasy. It would include everything; nothing at all would be left out. It would include everything from a table lamp to a wall fixture.

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

Mr. HUMPHREY. I am glad to yield to the Senator from Illinois.

Mr. DOUGLAS. Without going into the depreciation features of the bill presently before the Senate, is it not a fact that the Office of Defense Mobilization, or other agencies of the Government, the names of which do not matter, granted enormous amounts in the way of accelerated depreciation on capital investments beginning in January 1951?

Mr. HUMPHREY. Yes.

Mr. DOUGLAS. I have checked with the Office of Defense Mobilization and find that the overall amount of accelerated depreciation certified since the beginning of the Korean war to be \$28.9 billion.

Mr. HUMPHREY. That is correct.

Mr. DOUGLAS. Does the Senator recall that the experts of the Treasury Department, or of the staff of the Joint Committee on Internal Revenue Taxation, made any protests because of those depreciation allowances?

Mr. HUMPHREY. Not that I recall.

Mr. DOUGLAS. They granted accelerated amortization on industrial plants which in a large percentage of the cases had at least no direct relation to national defense.

Mr. HUMPHREY. Many of them did not have a direct relationship, but had, as was stated, an indirect or auxiliary relationship.

Mr. DOUGLAS. In many cases accelerated depreciation was granted on plants which had either been started or on plants which had existed prior to the outbreak of the Korean war, and there-

fore were not induced to start operations in order to meet war needs.

Mr. HUMPHREY. I think the statement of the Senator is correct.

I desire to make my position clear. I am not opposed to all forms of accelerated depreciation. In fact, I have supported such a provision; but I think we seem to get a sort of high fever in the Senate when it looks as if an amendment will provide a remedy for a real problem. The junior Senator from Minnesota states again that we have to make a choice: We either want the Government to build the storage bins, the grain trade to build them, or the farmers to build them. It is all going to be written off. It is all going to be considered depreciation. It is merely a question of how and when it is done. Let us not kid ourselves: If the Government builds them it will cost more than if the farmers build them.

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

Mr. HUMPHREY. I yield to the Senator from Washington.

Mr. MAGNUSON. The Senator has made a good point about depreciation. I do not say it is right or wrong, but the power companies are writing off almost \$3 billion as depreciation on dams built for defense production facilities. If those plants can be written off in 5 years, the savings to the power companies will not be reflected in savings in rates charged to the people. The farmers have only so much to store, and it cannot amount to a great deal. This was quite an issue in 1948. I think the Senator from Minnesota is being very unselfish. He could make quite an issue of this question between now and November.

Mr. Humphrey. I want to make it clear now, because I do not want the RECORD to look too distorted as a result of the debate on accelerated depreciation. One reading the RECORD may be apt to think that we believe accelerated depreciation is all wrong. It is not wrong; it is basically good in a capitalistic economy, where new tools, plants, and equipment are needed. I have supported accelerated depreciation provisions, despite some doubt I may have had about the general program of accelerated depreciation or accelerated amortization—the tax certificates. I do not want the RECORD to appear to indicate that we are necessarily opposed to the general principle or project.

I may state further that having revenue losses in certain areas does not necessarily imply a bad situation. It may be well to have a loss of revenue in a particular area or in particular plants in order to save an industry. If there is a loss in revenue from that source I think very often it will be only a temporary loss of revenue which will ultimately result in an increase in revenue if the plant is saved.

The Senator from Illinois has an amendment which would provide such relief.

My friend, the Senator from Rhode Island [Mr. PASTORE], has stated that in his State there has been a serious situation because of the drop in the demand for luxury goods, jewelry, and such items.

If we take a look at the heavy-goods industry, the one which has suffered the greatest drop is the farm machinery and equipment industry. The losses to the farm equipment and machinery industry have been greater by far than the tax loss which would be sustained by adoption of this proposal. There should be considered the additional fact that there are thousands of unemployed persons in those areas, and the loss in that respect is greater than the amount of loss in revenue which would result from enactment of the amendment. So while there might be a tax loss, there might eventually be a profit as a result of saving the industry.

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

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

Mr. DOUGLAS. Is it not a fact that in farm equipment centers, unemployment has been so great that many workers who have been laid off have exhausted their unemployment benefits? In my State such benefits to an unemployed person end at the expiration of 26 weeks. Those persons who will then be completely without benefits will be dependent upon charity.

Mr. HUMPHREY. I think that has been true in certain selected areas, and the Senator comes from a State in which that is true.

Mr. DOUGLAS. It is true of Rock Island, Moline, and East Moline.

Mr. HUMPHREY. Apropos of the statement of the Senator from Illinois, I have in my possession an article published last week in a newspaper, which article shows that unemployment in the Twin City area had increased since 1953, and that the unemployment figure was primarily based upon lack of jobs or loss of jobs in the farm equipment and machinery industry.

Mr. President, I ask unanimous consent that the article which was published in the Sunday Minneapolis Morning Tribune of last week be printed in the RECORD at this point as a part of my remarks.

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

JOBLESS DOUBLE IN TWIN CITIES—1954 SURVEY FINDS 10,000 FEWER JOBS

(By Sam Romer)

Factory jobs in the Minneapolis-St. Paul metropolitan area are down 13,250 since last year, a drop of 8.7 percent, it was disclosed Saturday in a survey by the Minnesota Department of Employment Security.

The drop in manufacturing offset an annual gain of 3,260 jobs in construction and cut total nonagricultural wage employment in the area by 11,500.

The survey is conducted every 2 months by labor market analysis from the department's Minneapolis and St. Paul branches. It covers Hennepin, Ramsey, Anoka, and Dakota Counties, which have a total population of 1,183,689.

It is regarded as a more comprehensive analysis of employment trends than separate surveys conducted monthly by the two branches, since the area summary also includes large factories in suburban communities.

It is based on mid-May figures since study of the data makes necessary a timelag be-

tween getting the figures and issuing the report itself.

However, a forecast based on employer estimates shows little change anticipated this summer in manufacturing, in contrast to an anticipated 5,000 more jobs in construction.

The total Twin Cities area labor force in mid-May was put at 547,000 with 5 percent, or 27,300, unemployed. This contrasts with a labor force figure of 553,400 in mid-March with 6.1 percent, or 33,800, unemployed.

Employment between the 2 months remained stable, indicating that the cut in employment was caused by jobless leaving the metropolitan area, many to seek work in agricultural or resort industries.

Compared with a year ago, the mid-May labor force was up slightly but unemployment was more than double the 12,500 recorded in 1953 and total employment down about 10,000.

The cutback in manufacturing since last year was paced by a decline of 4,800 jobs from mid-March to mid-May. About half of this 2-month decline occurred in ordnance plants because of elimination of Government ammunition orders.

Compared to 1953, other classifications showing serious job declines include apparel, down 1,100 (15 percent) to 6,300, and non-electric machinery, down 3,700 (16 percent) to 19,200.

An annual decline of 730 jobs in shops making metal products and of 530 in electrical machinery plants was attributed almost entirely to an unemployment dip in these groups during the March-May period.

The drop in Twin Cities factory employment represents a cutback of 15,900 since the industrial decline began last September.

This is in contrast to the bright outlook in construction which picked up 3,260 jobs since mid-March to reach a 23,900 total in mid-May.

The recent strike in the building industry, which tied up all major construction in the area for 4 weeks, began after the mid-May statistics were gathered. But employer forecasts predicted another rise of about 4,000 jobs by mid-July and almost 5,000 by mid-September.

In the nonmanufacturing categories, serious declines were noted since last year in railroads (900 fewer jobs) and wholesale and retail trade (2,060 fewer jobs).

This was offset by a rise of 2,330 jobs in the service classification, mostly University of Minnesota employment and hospital hiring.

Some 11,000 more people will be looking for jobs during the summer months, mainly high school and university graduates, the survey disclosed. However, it predicted that this situation would return to the mid-May level by September.

The labor turnover figure, the survey said, "corroborates the continuation of the situation of the past 6 months—poor job hunting and plenty out hunting."

In manufacturing, the number of additions to the working force rose since mid-March from 2.4 to 2.7 per 100 workers, but were outnumbered by the mid-May separation rate of 4.4 per 100 workers. A year ago, manufacturers hired at the rate of 4.9 per 100 and lost personnel at the rate of 4.0.

In contrast to last year's experience when new hires accounted for 81 percent of total additions and 3 out of 4 separations were quits, the present ratio is 46 percent new hires and only 34 percent quits.

Mr. HUMPHREY. Mr. President, the article has a headline which reads, Jobless Double in Twin Cities—1954 Survey Finds 10,000 Fewer Jobs.

A reading of the article reveals where some of those job losses have been. The article points out that the labor force in

the Twin Cities in mid-May was at 547,000 as compared with a labor force of 553,400 in mid-March. Compared with a year ago, the mid-May unemployment figure was more than double because of the elimination of Government contracts. The Minneapolis and Moline areas, of course, have suffered a very serious drop in employment.

Mr. President, I have no more to say, but I think the point has been well made. If I need to return to the fray, I shall do so later.

Mr. LONG. Mr. President, will the Senator from Colorado yield 3 additional minutes to me?

Mr. MILLIKIN. I do.

The PRESIDING OFFICER. The Senator from Louisiana is recognized for 3 minutes.

Mr. LONG. Mr. President, in order to get the figures straight, let me say that I have before me a release of the United States Department of Commerce, dated November 24, 1953. In the release it is stated that for 1952, the purchase of tractors amounted to \$976 million; and the private purchase of agricultural machinery, except tractors, was \$1,161,000,000. That is the figure upon which our staff relies in arriving at the figure of \$2,100,000,000 as being the annual expenditure for farm equipment.

In addition, it is well for us consider that many of those who purchase farm machinery are in the very high income-tax brackets. In the main, the heavy buyers of farm machinery are in the upper income brackets. It is possible that the rate might be more than 30 percent; but, on the average, it is about 30 percent, in comparing the past depreciation allowance and the present depreciation allowance. So, Mr. President, it is our estimate that the amendment of the Senator from Illinois would cost \$540 million.

I should point out to the Senate that the Senate has been extremely generous in respect to general depreciation allowances. The Senate has allowed for the depreciation of farm machinery and has made allowance for accelerated depreciation of the things used on the farms, and provision has been made for a 5-year write-off on grain-storage facilities. In short, the tax treatment of those who make large incomes on the farms is most generous. It is unfortunately true that the smaller farmer would not receive the benefit of this provision, anyway, because the small farmer does not make enough income to pay a large income tax.

Therefore, Mr. President, in view of the generous treatment which has been given, and in view of the further fact that the committee has labored diligently to work out the most satisfactory solution possible and very favorable tax treatment for the farmers, I hope the amendment will be rejected.

Mr. MAGNUSON. Mr. President, will the Senator from Colorado yield 3 minutes to me?

Mr. MILLIKIN. First, Mr. President, let me inquire how much time remains to me.

The PRESIDING OFFICER. The Senator from Colorado has 54 minutes remaining.

Mr. MILLIKIN. Then I am glad to yield to the Senator from Washington.

The PRESIDING OFFICER. The Senator from Washington is recognized for 3 minutes.

Mr. MAGNUSON. Mr. President, not directly on the pending amendment, but quite apropos to the whole discussion, let me say that I have received many inquiries, as have many other Senators from the Western States, regarding clarification of what the bill does in the case of farmers who wish to improve their land. In my section of the country, this situation usually involves various aspects of soil conservation and, in particular, new land coming into cultivation, under irrigation developments. I wish to ask a question merely for the information of the hundreds of persons in the West who have inquired about this matter.

In this connection, let me read now from pages 33 and 34 of the committee report, which sets forth an explanation of what the Senate committee amendments will do and what will be done by the bill as passed by the House, in reference to this subject. I hope that in this way we shall clear up the uncertainty:

L. SOIL AND WATER CONSERVATION EXPENDITURES (SEC. 175)

(1) HOUSE CHANGES ACCEPTED BY COMMITTEE

Under present law expenditures made by farmers to improve their land are generally required to be capitalized rather than deducted as current expenses. The capitalized expenditures increase the farmers' tax basis for the land and are recoverable for tax purposes upon sale of the land. However, the Tax Court has held that substantial expenditures for the terracing of farms may be regarded as maintenance costs and, hence, be deducted as current expense.

The House bill permits farmers to elect to expense, rather than capitalize, expenditures for soil and water conservation, and for the prevention of land erosion, in respect of land used in farming. These expenditures include: those for the treatment or moving of earth, such as leveling, grading, and terracing; contour furrowing; the construction of diversion channels and drainage ditches; control and protection of water courses, outlets, and ponds; eradication of brush; and planting of windbreaks. These expenditures do not include the purchase or construction of facilities, appliances, and structures made of concrete, metal, and so forth, and thus subject to allowance for depreciation.

The deductions for soil and water expenditures for any 1 year are limited, however, to 25 percent of the gross income derived from farming. In any year in which actual expenditures of this type are more than the maximum deduction permitted, the excess of these expenditures may be carried over to following years.

The deduction for soil and water conservation expenditures is also limited to land which, prior to or at the same time as the expenditures for soil and water conservation are made, was or is used in farming by the taxpayer or his tenant.

Taxpayers must decide whether they are going to expense soil and water conservation expenditures in the first year after 1953 in which they have such expenditures, and must continue this policy with respect to subsequent similar expenditures unless they receive permission from the Secretary or his delegate to make a change.

(2) CHANGES MADE BY COMMITTEE

Amendments were adopted making it clear that the provision applies to earthen dams

not subject to depreciation and to the construction, as well as the control and protection, of water courses, outlets, and ponds.

Your committee also made the provision applicable for expenditures by farmers to satisfy special assessments of soil or water conservation districts to defray expenditures made by such districts which would be deductible under this section if made directly by the taxpayer.

The House bill also provided that any expenditures in excess of the 25 percent limitation should be added to basis until such time as they become deductible in a future year to which carried. Your committee omitted this provision as being unduly burdensome for taxpayers.

It is estimated that the soil and water conservation expenditure deduction permitted by this bill will reduce revenues in the fiscal year 1955 by \$10 million.

Let me point out that the part of the report, which states that—

The capitalized expenditures increase the farmers' tax basis for the land and are recoverable for tax purposes upon sale of the land—

Means, in other words, as a capital expenditures tax.

Furthermore, let me point out that in the report, the term "terracing of farms" includes a great variety of soil conservation work.

At this point I wish to ask the chairman of the committee whether it is correct to say that the next to the last paragraph on page 33 of the report states, in substance, that such expenditures are usually capital expenses.

Mr. MILLIKIN. Yes.

Mr. MAGNUSON. In short, does not this part of the committee report mean that the farmer is allowed to elect whether to have that expense treated as a capital expense or as a current expense?

Mr. MILLIKIN. The bill does that. The report states:

The House bill permits farmers to elect to expense, rather than capitalize, expenditures for soil and water conservation, and for the prevention of land erosion, in respect of land used in farming.

In other words, farmers can elect whether to handle such expenses as capital expense or as current expense.

Mr. MAGNUSON. Yes; and I think that is fair.

Mr. MILLIKIN. In this particular case we would give the farmer who is improving his land—and this applies particularly to the West—an election.

Mr. MAGNUSON. I think that is very useful, and I think the report means exactly what it says.

Mr. MILLIKIN. Yes; and it is very useful.

Mr. PURTELL. Mr. President, will the Senator from Colorado yield 3 minutes to me, so that I may, out of order, answer a question which was asked of me on the floor yesterday?

Mr. MILLIKIN. I yield 3 minutes for that purpose.

The PRESIDING OFFICER. The Senator from Connecticut may proceed.

Mr. PURTELL. Mr. President, yesterday, when the amendment proposed by the Senator from Vermont [Mr. FLANDERS] and other Senators, including myself, was being discussed, question

arose concerning the disposition of the assets of a nonprofit organization in the event of its dissolution.

I have since discussed this matter with Mr. Norman Sugarman, Assistant Commissioner of Internal Revenue. He has assured me that before the Bureau of Internal Revenue would grant a favorable ruling with respect to the status of an organization as a nonprofit organization under section 101 of the code, it must be shown that in the event of the dissolution of a nonprofit organization, any assets, including real and personal property, held by the organization at the time of dissolution must be transferred to a similar nonprofit organization which has been approved by the Bureau of Internal Revenue as a nonprofit organization. In the event no other nonprofit organization was qualified to receive the assets, the assets would then be disposed of according to the laws of the State in which the nonprofit organization was chartered. It is my belief that in most of those cases, Mr. President, they would revert to the State.

I should like to make this point clear: Under no circumstances can the individual members comprising such a nonprofit organization benefit personally by the dissolution of the organization and the disposition of its assets. Although this amendment was adopted yesterday by the Senate, I wish the RECORD to show that the question posed during the debate has been, I feel, satisfactorily answered.

Question was also raised on the floor as to lessee's having an option to buy the property eventually. I understand that if the lease contained such a provision, the Treasury Department would not approve any tax deduction. In other words, such an arrangement would disqualify the nonprofit organization from participating under this amendment.

Mr. President, I thank the Senator from Colorado for yielding this time to me.

Mr. BUSH. Mr. President, before a vote is taken on the pending amendment, I ask unanimous consent that there may be a quorum call in order to alert Senators, without the time being charged to either side.

Mr. MILLIKIN. Mr. President—

The PRESIDING OFFICER. The Chair recognizes the Senator from Colorado.

Mr. MILLIKIN. May I ask what is the parliamentary situation?

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DOUGLAS].

Mr. MILLIKIN. Did not the Senator from Connecticut suggest the absence of a quorum?

The PRESIDING OFFICER. The Chair did not so understand.

Mr. BUSH. Mr. President, I ask unanimous consent that there may be a quorum call without the time being charged to either side. If the Senate is ready to vote, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

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

Aiken	Fulbright	McCarran
Anderson	George	Millikin
Barrett	Goldwater	Monroney
Beall	Gore	Morse
Bennett	Green	Mundt
Bowring	Hayden	Murray
Bricker	Hendrickson	Neely
Bridges	Hickenlooper	Pastore
Burke	Hill	Payne
Bush	Holland	Potter
Butler, Md.	Humphrey	Purtell
Byrd	Ives	Robertson
Capehart	Jackson	Russell
Carlson	Johnson, Colo.	Schoeppel
Case	Johnson, Tex.	Smathers
Chavez	Kefauver	Smith, Maine
Clements	Kennedy	Smith, N. J.
Cooper	Kilgore	Sparkman
Cordon	Knowland	Stennis
Crippa	Kuchel	Symington
Dan	Langer	Thye
Dirksen	Lehman	Upton
Douglas	Lennon	Watkins
Duff	Long	Welker
Dworshak	Magnuson	Williams
Ervin	Malone	Young
Ferguson	Mansfield	
Frear	Martin	

Mr. KNOWLAND. I announce that the Senator from Vermont [Mr. FLANDERS], the Senator from Indiana [Mr. JENNER], the junior Senator from Wisconsin [Mr. McCARTHY], the Senator from Massachusetts [Mr. SALTONSTALL], and the senior Senator from Wisconsin [Mr. WILEY] are necessarily absent.

Mr. CLEMENTS. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from Iowa [Mr. GILLETTE], the Senator from Missouri [Mr. HENNINGS], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Oklahoma [Mr. KERR], and the Senator from Arkansas [Mr. McCLELLAN] are absent on official business.

The Senator from South Carolina [Mr. MAYBANK] is absent by leave of the Senate.

The PRESIDING OFFICER. A quorum is present.

Is any further time desired for consideration of the amendment offered by the Senator from Illinois?

Mr. MILLIKIN. Mr. President, I hope the amendment of the distinguished senior Senator from Illinois will be defeated. The Senator had sent to the Committee on Finance his recommendation with respect to farm tax legislation, and the committee gave very careful consideration to what he had to say. The pending amendment is a part of the complex of suggestions he made. The impression seems to prevail in some quarters—and I do not mean that the impression has been sought to be given by the distinguished Senator from Illinois—is that the pending bill is somewhat cavalier about the problem of the farmer.

I wish to say first of all, Mr. President, that that is not true. In this bill we have provided for accelerated depreciation which goes to the farmer just as it goes to everyone else. I am talking about farm machinery. Such machinery has the same rapid writeoff provision as is given to other machinery. We have in the bill soil and water conservation benefits for the farmer.

The farmer has always been pestered and annoyed by bookkeeping requirements. We allow a hybrid type of accounting, which will recognize the way the farmer does it, not the way that someone else wants him to do it. We have the \$600 exemption for dependents of farmers, which the farmer no longer loses by virtue of the fact that his children on the farm earn some money.

We come now to the Senator's specific amendment. The proportion of expenditures on equipment is about \$2.1 billion a year. Its present depreciation rate is 6½ percent. Under this bill the rapid depreciation provided amounts to 13 percent. That is, it is available to the farmer. The extra depreciation provided by the Senator's amendment is about 87 percent. It would result in an extra deduction of \$1,800,000,000. Assuming a 30 percent tax rate, there would be a loss, because of the Senator's amendment, of \$540 million. I suggest that it would be a very dangerous amendment to accept, because we are getting into very big money, and that much money ought not to be added to the deficit of the United States Treasury.

If any attempt had been made to squeeze the farmer, and if we had not treated him liberally in the bill, we might have a different viewpoint on the Senator's amendment. However, I have listed 4 or 5 or 6 provisions which are to the distinct benefit of the farmer. We have been generous with the farmer. We already have a law on the books which permits a quick write-off of bin storage. We also have a method whereby the farmer can accelerate the depreciation on his farm machinery.

Mr. President, I just received a compliment which I was not supposed to hear. It has so overwhelmed me that I have lost the continuity of my thought.

The farmer, as I say, benefits, as do other people who have children who are employed. He retains his \$600 dependency allowance. We give him accelerated depreciation on his farm machinery. We give him accelerated depreciation, in effect, on his bin storage. We give him soil and water conservation benefits. I suggest that that is as much as can be done at the present time in view of our budgetary situation.

I do not mean to say this in a mean sense, but it is irresponsible that we should sit here and add by this amendment, a half billion dollars to the cost of our budget, when the bill and preceding legislation provide the things I have stated.

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

Mr. MILLIKIN. I yield.

Mr. CARLSON. Another item which I believe is of advantage to the farmer is that under the old law he would have to file his income tax return on January 15, unless he wanted to file a declaration of estimated income, and we have increased that time to February 15.

Mr. MILLIKIN. That is correct. The farmers wanted that in the bill. They wanted the things we have provided for them in the bill. There are many other

things all the way down the line. This is a revision bill. We would like to have as nearly perfect a bill as we can have, but I venture to predict—and I have already promised that we will hold some hearings next year with respect to some features of taxation—that we will be working on taxes as long as there is anyone alive in the Senate, and thereafter, because this country is going to live a long time.

I believe, in view of our budgetary situation, no matter how desirable a 1-year write-off on machinery might be, the fact of the matter is that very little farm machinery exhausts itself in a year's time. No matter how desirable it may be, it is not practicable to do it, because of the sheer cost of the proposal. It would cost \$540 million. I suggest that, from the standpoint of our budget, it would be very unwise for the Senate to adopt this amendment.

SEVERAL SENATORS. Vote! Vote!

Mr. DOUGLAS. Mr. President, since many Members are present in the Chamber who were not present when the amendment was originally explained, I hope I may be forgiven if I summarize it briefly.

The amendment gives the farmers the option of charging off in a given year the cost of new farm machinery purchases up to 25 percent of the gross income of the farmer.

This would make it easier for the farmers to purchase farm equipment, since even with the accelerated rates which have been provided in the bill the amount which is now permitted to be written off annually is relatively small, since the physical life of a tractor is placed at 10 years, and the physical life of many other items of farm equipment is placed at more than 10 years, with an average for all farm equipment of 15 years.

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

Mr. DOUGLAS. I yield.

Mr. DANIEL. Am I to understand the Senator to mean by that statement that depreciation cannot be taken on a tractor, for instance, in a lesser period than 10 years?

Mr. DOUGLAS. Does the Senator mean under the proposal I am making?

Mr. DANIEL. No; under the present law, I understood farm machinery could be depreciated over a 5-year period at 20 percent a year.

Mr. DOUGLAS. I may say to the Senator from Texas that I have before me Bulletin F entitled "Income Tax Depreciation and Obsolescence; Estimated Use for Lives and Depreciation Rates." It was published by the United States Treasury Department, Bureau of Internal Revenue. On pages 12 and 13 are shown as I have stated the physical lives used as a basis for depreciation. In the case of tractors it is 10 years. In the case of rakes, it is 15 years; shredders, 15 years; farm mowers, 14 years; grain harvesters, 15 years; grain binders, 14 years.

Mr. DANIEL. I am asking only my question to obtain information.

Mr. DOUGLAS. I understand.

Mr. DANIEL. Because I have understood, and I have checked the matter with several Senators from agriculture areas, and they understand it to be true also, that even today it is possible to depreciate tractors and other farm machinery over a 5-year period, taking 20 percent a year.

I should like to know if that is correct. If the Senator from Illinois cannot tell me, I wonder if anyone else can, because that information, I think, is very important in connection with the amendment.

Mr. FREAR. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I shall be glad to yield, but may I say that this is right "out of the horse's mouth," so to speak, right out of the sources of the Treasury, and the depreciation rates are based upon the estimated physical life of various units of farm equipment. I should like to show the Senator from Texas and the Senator from Delaware this table.

Mr. FREAR. But I should like to say to the Senator, if he will yield—

Mr. DOUGLAS. Certainly.

Mr. FREAR. This is a guide for the internal revenue agent, when he analyzes or examines the returns. He does not have to use that formula. The general custom is to depreciate tractors at the rate of 20 percent a year.

Mr. DOUGLAS. I am not certain whether the Senator from Delaware is correct, but, if so, then the entire basis upon which the Bureau of Internal Revenue is supposed to act is thrown overboard, and the judgment of the individual agent is substituted for the rules laid down. While it is true that agents can use their judgment, and that the rules are not prescribed for use in every case, they are intended as a guide from which correct rates may be determined in the light of experience.

Mr. FREAR. That is correct.

Mr. DOUGLAS. The life of tractors is stated as 10 years; binders, 14 years to 5 years; grain harvester, 15 years. If these figures are not correct, we might as well throw the formula into the ashcan.

Mr. FREAR. May I ask the Senator the date of that formula?

Mr. DOUGLAS. It was published in 1942, but was it given to us as currently correct by the staff of the Joint Committee on Internal Revenue Taxation. Unless we can get a disavowal from the Joint Committee on Internal Revenue Taxation, I assume these are the rates presently applicable.

Mr. FREAR. They are not applicable in Delaware.

Mr. DOUGLAS. I think a member of the staff is on the floor, so if they wish to disavow this child, they may do so.

I pause for a moment to wait for the disavowal of parentage to come. Not hearing any—

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

Mr. DOUGLAS. Does the Senator from Colorado wish to disavow it?

Mr. MILLIKIN. This material was supplied me by the staff. I have given

the figures heretofore. The present depreciation rate for farm machinery is an average of 6½ percent.

Mr. DOUGLAS. That is what the Bureau says is the average, namely a 15-year period. This is stated in the table I have previously inserted in the RECORD.

So, Mr. President, the statement of the Senator from Colorado happens also to be the statement of the Senator from Illinois, and I welcome the Greeks when they bear gifts, because they do it so infrequently.

Mr. MILLIKIN. I was not casting any aspersions on either the Senator or the technical staff. I am pointing out that the average is 6½ percent.

Mr. DOUGLAS. That would be the average for 15 years. I may say that Mr. Oram, of the joint committee staff, has just called the Bureau of Internal Revenue. They state that a 5-year depreciation period for a tractor is very rare. A study by Mr. E. Callahan, an agricultural economist at Rutgers University, indicates that the actual life of large tractors is 8 to 15 years, and that of a small tractor is 5 to 12 years.

Mr. FREAR. I deny that that is the same as 6½ percent.

Mr. MILLIKIN. I mentioned the 6½ percent. If we double that under the acceleration provided in the bill it is 13 percent. The amendment of the Senator from Illinois adds a much larger percentage in 1 year, and there would be a loss of revenue of \$550 million by the Senator's amendment.

Mr. DOUGLAS. Mr. President, may I point out that the farm-equipment industry led the country into the present recession, and that unemployment and reduced production are still prevalent in the farm equipment areas. There has been no permanent pickup in the farm-equipment industry. This is true not merely in Illinois, but I have on my desk a statement by the Senator from Iowa [Mr. GILLETTE], which I ask unanimous consent to have included in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. DOUGLAS. I should like to point out that unemployment is increasing in other States. It is extremely high in a number of Wisconsin cities, such as Kenosha, La Crosse, Superior, and Racine, many of which are important employment centers.

This amendment would permit the cost of farm equipment purchased in a given year to be charged off, subject to the 25-percent gross income limitation. It is limited in application to 2 years. It is designed to meet a special situation and to get the farmers and the farm equipment industry over the hump.

My good friend from Colorado produced, out of a hat, without giving the primary source of the statement, the estimate that my amendment would cost in excess of \$500 million.

I may say, in the first place, as I turn to the figures in the agricultural statistics for 1953, at page 562, that the staff has apparently been guilty of including farm equipment for industrial and military use and not merely for agricultural

use. If we take the figures for agricultural use it will be found, in the third column, that in 1952 the total shipments for use in the United States amounted to \$1,681,000,000. The actual sales were less than that, because many farm equipment dealers were left with equipment on their hands which they could not dispose of, so I think the total amount would not exceed \$1,500,000,000.

Furthermore, the Senator from Colorado does not take into account the fact that there is some current depreciation which is now charged off, nor the fact that there were trade-ins which would be excluded from the benefits provided by our amendment. He uses the figure of a 30-percent average tax without stating its source. He pulls it out of a hat, like a magician pulling a rabbit or a pair of false whiskers out of a hat. Then he comes up with a total figure of \$500 million.

In my judgment—and this is simply a curbstone opinion—the total cost probably would not exceed \$100 million, but it would be a great stimulant to the farm equipment industry and would be of distinct benefit to the farmer.

I hope very much that the amendment will be adopted.

EXHIBIT 1

I have joined my colleagues, the Senator from Illinois and the Senator from Minnesota, in sponsoring this amendment for two reasons.

The first is that the drop in farm income has caused a great number of farmers to postpone buying new farm equipment. The drop in income, coupled with no corresponding drop in the prices farmers must pay for the things they buy, has made farmers hesitate to make new capital investments. Furthermore, the understandable uncertainty about the future of the present farm program and therefore about the future of the farm economy has made farmers even more cautious. This amendment would provide a powerful incentive to our farmers to resume the replacement of used farm machinery.

The second reason is that a major consequence of the drop in purchases of new farm machinery has been to bring about a depression in the farm equipment industry, to cause heavy unemployment in that industry, and to harm seriously the economies of communities where farm machinery factories are located. This amendment will greatly benefit the farm equipment industry, by giving an incentive to farmers to purchase new equipment. It should thereby help bring about a reduction in the unemployment rolls in States where farm machinery is manufactured, and in turn cause a considerable improvement of the entire economy of those areas.

The Senator from Illinois has given the Senate a full explanation of the purpose and operation of the proposed amendment. It gives farmers a choice between amortizing the cost of new farm equipment over an average 15-year period, or of deducting the cost of new machinery up to the equivalent of 25 percent of their gross income. If a farmer's purchase of new machinery exceeds the amount of one quarter of his gross income in the first year, he can carry over that excess and apply it against his tax the following year.

Let us take a simple example. A farmer can buy a new tractor at the present time for around \$1,520. Under the present internal revenue law he can amortize the cost of that tractor for the next 10 years at the rate of \$152 each year. The pending bill, as I understand it, would speed up that process to a certain extent by allowing the

farmer to write off \$304 the first year, and in each succeeding year 20 percent of the diminishing balance until he had deducted the full cost of the tractor.

While in this respect the bill is an improvement over the existing law, it does not provide the strong, immediate boost to the purchase of farm equipment which our farmers, our agricultural implement workers, our farm machinery industry, and the general economy in many States all badly need.

Under the amendment we are offering, a farmer who had a gross income of \$6,080 or above would be able to write off the total cost of a new \$1,520 tractor in the first year, if he chose to do so. Or he could write off a lesser portion of it the first year and carry over the remainder for writeoff the following year. A farmer buying a \$1,520 tractor who had a gross income of less than four times the price of the tractor, that is, less than \$6,080, could, if he selected the method proposed by our amendment, write off a large proportion of the tractor's cost the first year, and the remainder the following year.

The average gross income of farmers throughout the United States in 1952, per farm, was \$5,699, which is just slightly less than the gross income that would permit writing off the full amount in the first year of a tractor priced at \$1,520. This means that the average farmer, if this amendment were adopted, could deduct almost the entire cost of a new tractor from his tax bill the first year.

I speak of tractors, but farmers need many other items of machinery for use on the farm that do not cost upward of \$1,500. These could be written off easily in the first year under our amendment, even by farmers having a gross income below the national average.

I call attention to some significant figures. The Bureau of Labor Statistics reports the following concerning employment in agricultural machinery and tractors:

	All employees	Production workers
January 1953	182,700	140,300
March 1954 (peak)	187,000	145,000
March 1954	149,100	109,600

These figures show a drop of 38,000 in total employment in this industry, including a drop of some 34,000 in production workers.

The Bureau of Employment Security of the Department of Labor lists in its area classification on labor supply the following information about my State of Iowa. Among group 4A, which includes areas having 12 percent or more unemployment and which is the most seriously affected group, are listed Burlington and Ottumwa. The figures are based on present unemployment and projected through mid-July.

The report states about Burlington: "Sharp rise in joblessness in past year occasioned principally by ordnance layoffs. Electrical and farm machinery also off."

Concerning Ottumwa the report says: "Sharp employment decline during the past year due to sagging demand for farm implements and layoffs in meatpacking, construction, railroads, and trade." Ottumwa was added to the 4A group only this past April.

No Iowa city was on the 4A, or more serious, list in January 1953. No city in Wisconsin, for example, was listed in this classification in January 1953, but today Beaver Dam, Kenosha, La Crosse, Superior, and Racine are so listed, several of them cities with large farm implement works. In Illinois there were but 2 cities listed in group 4 in January 1953. Today there are 7, 5 of them in the worst category, group 4A. In-

cluded are major production centers of farm machinery, such as Peoria, Joliet, Rock Island, and Moline, the latter being part of the industrial area that includes Davenport, Iowa.

May I repeat here what the Senator from Illinois said in his speech on this bill on Tuesday of this week, page 9152 of the Record. He is speaking of the farm implement industry:

"The farm machinery production for April 1954 was about 22 percent below that of April a year ago, having dropped from an index 109 to 85, without seasonal adjustment." That is, production is down 22 percent since April 1953.

He said further concerning Rock Island, Moline, and East Moline, which with Davenport in my State of Iowa, make up the famous Quad Cities: "If my informants are correct, and I believe they are, the companies there are once again beginning to lay off employees in appreciable numbers. The spring pickup in the farm equipment industry is virtually over, and that manufacturing center is back to approximately where it was last winter with the cash reserves of workers having been used up, or largely used up, in the meantime."

Think of the encouragement this amendment will give to farmers needing new equipment to go straight to the nearest dealer and order a tractor, or a plow, or a cultivator, or a corn picker, or some other item of capital equipment for use on his land. Think of the stimulus such a buying wave would give to one of the industries most directly and most seriously hurt by the decline in farm income. Think of the boost in employment that production of new machinery to meet the new demand would afford. Think of the beneficial effect of this renewal of economic vigor on other business of the communities where farm machinery is produced.

From every point of view, this amendment can only serve to stimulate and revive a portion of our economy that has been badly hit. As has been pointed out, the pending bill accords tax relief and benefits to many groups in our economy. I do not here quarrel with these benefits, but I do say that the farmers are also entitled to fair treatment, particularly when such treatment is bound to have a highly desirable effect on much wider circles of the population.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Illinois [Mr. DOUGLAS] for himself and other Senators.

Mr. DOUGLAS. Mr. President, I ask for the yeas and nays.

The yeas and nays were not ordered.

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

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from California will state it.

Mr. KNOWLAND. Has any business been transacted since the last quorum call?

The PRESIDING OFFICER. No.

Mr. KNOWLAND. I make the point of order that a quorum call is not in order.

Mr. DOUGLAS. I appeal from the ruling of the Chair.

The PRESIDING OFFICER. The Chair has not yet made his ruling.

Mr. DOUGLAS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Illinois will state it.

Mr. DOUGLAS. Did not the Chair rule that no business had been trans-

acted? Was not that the ruling of the Chair?

The PRESIDING OFFICER. A quorum call is not in order.

Mr. DOUGLAS. I submit that a quorum call is in order, unless I have been overruled by the Chair.

Mr. ANDERSON. Mr. President, I submit that if the Senator has been overruled by the Chair, business then has been transacted, and a quorum call is in order.

Mr. DOUGLAS. I now appeal from the ruling of the Chair that no business has been transacted since the previous quorum call; and I suggest the absence of a quorum.

The PRESIDING OFFICER. The question is, Shall the ruling of the Chair be sustained? As many as are in favor of sustaining the ruling of the Chair will say "aye"; those opposed, "no."

The "ayes" have it, and the ruling of the Chair is sustained.

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

The PRESIDING OFFICER. The clerk will call the roll.

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

Aiken	Frear	Mansfield
Anderson	Fulbright	Martin
Barrett	George	McCarran
Beall	Goldwater	Millikin
Bennett	Gore	Monroney
Bowring	Green	Morse
Bricker	Hayden	Mundt
Bridges	Hendrickson	Murray
Burke	Hickenlooper	Neely
Bush	Hill	Pastore
Butler, Md.	Holland	Payne
Byrd	Humphrey	Potter
Capehart	Ives	Purtell
Carlson	Jackson	Robertson
Case	Johnson, Colo.	Schoeppel
Chavez	Johnson, Tex.	Smathers
Clements	Kefauver	Smith, Maine
Cooper	Kennedy	Smith, N. J.
Cordon	Kilgore	Sparkman
Cripps	Knowland	Stennis
Daniel	Kuchel	Symington
Dirksen	Langer	Thye
Douglas	Lehman	Upton
Duff	Lennon	Watkins
Dworshak	Long	Welker
Ervin	Magnuson	Williams
Ferguson	Malone	Young

The PRESIDING OFFICER. A quorum is present. The question is on agreeing to the amendment proposed by the Senator from Illinois [Mr. DOUGLAS], on behalf of himself and the Senator from Iowa [Mr. GILLETTE] and the Senator from Minnesota [Mr. HUMPHREY], which will be stated.

The CHIEF CLERK. On page 54, after section 175, it is proposed to insert a new section, as follows:

SEC. 176. Farm machinery expenditures

(a) In general: For purposes of this subtitle, a taxpayer engaged in the business of farming may treat expenditures which are paid or incurred by him during the taxable year to acquire farm machinery as expenses which are not chargeable to capital account. The expenditures so treated shall be allowed as a deduction.

(b) Definition of farm machinery: For purposes of this section, the term "farm machinery" means only machinery designed primarily for use in the conduct of farming operations and, regardless of the use for which so designed, is used by the taxpayer primarily in the conduct of his business of farming.

(c) Limitation: The amount deductible under subsection (a) for any taxable year

shall not exceed 25 percent of gross income. If for any taxable year the total of the expenditures treated as expenses which are not chargeable to capital account exceeds 25 percent of gross income, such excess shall be deductible for the succeeding taxable years in order of time; but the amount deductible under this section for any one such succeeding taxable year (including the expenditures actually paid or incurred during the taxable year) shall not exceed 25 percent of gross income.

(d) Election of taxpayer:

(1) Time of election: The election by the taxpayer to treat expenditures to acquire an item of farm machinery as expenses not chargeable to capital account shall be made at the time of filing his return for the first taxable year in which such expenditures are paid or incurred.

(2) Scope of election: A separate election shall be made by the taxpayer with respect to each item of farm machinery and such election shall apply to all expenditures paid or incurred in any taxable year to acquire such item.

(3) Failure to make election: If the taxpayer fails to make an election to treat expenditures to acquire farm machinery as expenses not chargeable to capital account at the time prescribed in paragraph (1), and in the manner prescribed by the Secretary or his delegate, such failure shall be considered as an election not to so treat such expenditures.

(c) Special rules:

(1) Basis of property: Notwithstanding the provisions of section 1012 (relating to basis of property), the basis of any item of farm machinery for the acquisition of which a deduction has been allowed under subsection (a) shall be \$0.

(2) Treatment of gain as ordinary income: In the case of the sale or exchange of any item of farm machinery for the acquisition of which a deduction has been allowed under subsection (a), any gain recognized from such sale or exchange shall be considered as gain from the sale or exchange of property which is neither a capital asset nor property described in section 1231.

(3) Disallowance of deduction for depreciation: No deduction under section 167 (relating to deduction for depreciation) shall be allowed with respect to any item of farm machinery for the acquisition of which a deduction has been allowed under subsection (a).

(g) Effective date: This section shall apply only to expenditures paid or incurred to acquire farm machinery which is acquired after December 31, 1953, but before December 31, 1955.

Mr. DOUGLAS. Mr. President, on this question I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. ANDERSON (when his name was called). Mr. President, I ask to be excused from voting. I have already purchased two tractors for my farm this year, and I have a direct interest in the outcome of the vote.

The PRESIDING OFFICER. Without objection, the Senator from New Mexico is excused from voting.

Mr. KNOWLAND. I announce that the Senator from Vermont [Mr. FLANDERS], the Senator from Indiana [Mr. JENNER], the junior Senator from Wisconsin [Mr. McCARTHY], the Senator from Massachusetts [Mr. SALTONSTALL], and the senior Senator from Wisconsin [Mr. WILEY] are necessarily absent.

If present and voting, the Senator from Vermont [Mr. FLANDERS], the Senator from Indiana [Mr. JENNER], and

the Senator from Massachusetts [Mr. SALTONSTALL] would each vote "nay."

Mr. CLEMENTS. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from Iowa [Mr. GILLETTE], the Senator from Missouri [Mr. HENNINGS], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Oklahoma [Mr. KERR], the Senator from Arkansas [Mr. McCLELLAN], and the Senator from Georgia [Mr. RUSSELL] are absent on official business.

The Senator from South Carolina [Mr. MAYEANK] is absent by leave of the Senate.

I announce further that on this vote the Senator from Louisiana [Mr. ELLENDER] is paired with the Senator from Iowa [Mr. GILLETTE]. If present and voting the Senator from Louisiana would vote "nay" and the Senator from Iowa would vote "yea."

The result was announced—yeas 15, nays 65, as follows:

YEAS—15

Chavez	Kilgore	McCarran
Cooper	Langer	Morse
Douglas	Lehman	Mundt
Humphrey	Magnuson	Murray
Jackson	Mansfield	Neely

NAYS—65

Aiken	Ferguson	Martin
Barrett	Frear	Millikin
Beall	Fulbright	Monroney
Bennett	George	Pastore
Bowring	Goldwater	Payne
Bricker	Gore	Potter
Bridges	Green	Purtell
Burke	Hayden	Robertson
Bush	Hendrickson	Schoeppel
Butler	Hickenlooper	Smathers
Byrd	Hill	Smith, Maine
Capehart	Holland	Smith, N. J.
Carlson	Ives	Sparkman
Case	Johnson, Colo.	Stennis
Clements	Johnson, Tex.	Symington
Cordon	Kefauver	Thye
Crippa	Kennedy	Upton
Daniel	Knowland	Watkins
Dirksen	Kuchel	Welker
Duff	Lennon	Williams
Dworschak	Long	Young
Ervin	Malone	

NOT VOTING—15

Anderson	Hennings	McCarthy
Eastland	Jenner	McClellan
Ellender	Johnston, S. C.	Russell
Flanders	Kerr	Saltonstall
Gillette	Maybank	Wiley

So the amendment offered by Mr. DOUGLAS, for himself and other Senators, was rejected.

TEMPORARY APPROPRIATIONS,
1955

Mr. BRIDGES. Mr. President, Congress is faced with the necessity of making temporary appropriations for the fiscal year 1955, for the mutual security and foreign aid programs and for similar programs of various kinds, including Korean relief, relief in occupied areas, and other programs coming under measures later to be considered by the Senate.

So, Mr. President, I now ask unanimous consent that the unfinished business be temporarily laid aside; and from the Committee on Appropriations, I report favorably, without amendment, the joint resolution (H. J. Res. 552) making temporary appropriations for the fiscal year 1955, and for other purposes; and

I submit a report (No. 1708) thereon. I ask unanimous consent for the present consideration of the joint resolution.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. BRIDGES. Mr. President, this joint resolution appropriates for the Mutual Security Programs, \$290 million, to be derived from unobligated balances of appropriations heretofore made for such purposes. The purpose is to enable these programs to be carried on for 30 days. Of course, these programs do not come under the regular appropriation bills; and the appropriations for them will subsequently be acted on by Congress.

I should like to state that the members of the committee feel very strongly that the Mutual Security Agency, or the Foreign Operations Administration—FOA—as it is now officially called, should not institute any new programs of offshore procurement during this period of time. It may carry on existing programs; but during this 30-day period it should not institute any new programs; and the remarks now being made in the Senate—unless there is objection to them—certainly should be given due notice by the FOA, just as if these remarks were set forth as provisions of the joint resolution.

Mr. HAYDEN. Mr. President—

Mr. BRIDGES. I yield to the Senator from Arizona.

Mr. HAYDEN. With the last statement made by the chairman of the committee, there can be no dispute. No new undertakings should be considered, since this money came over from the last fiscal year, and the Senate will subsequently have an opportunity to pass upon the entire program.

The only criticism that could be made of enactment of the joint resolution at this time is as to the sum fixed for administration expenses; namely, \$4 million. In my opinion, that is not quite sufficient. But I believe we can care for that item in a subsequent deficiency bill.

Mr. BRIDGES. Let me say that the committee has reported this measure in form identical to that in which it was passed by the House of Representatives. Thus there will be no need for a conference. If the Agency can show that it needs additional funds for administration during the 30-day period, and if it makes such a showing in connection with the supplemental bill, we will certainly consider it.

Mr. CHAVEZ. Mr. President—

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

Mr. CHAVEZ. As I understand, the Senator from New Hampshire is informing the Senate and the country that at this particular period of time, no new offshore procurements should be initiated by this Agency.

Mr. BRIDGES. That is correct; no new offshore procurements will be initiated.

Mr. GEORGE. Mr. President, let me inquire whether the joint resolution includes all the unexpended balances.

Mr. BRIDGES. No; it will be seen that on page 2, in line 11, \$290 million is appropriated.

Mr. GEORGE. Is that all that is appropriated?

Mr. BRIDGES. That is all that is appropriated and all that can be used.

It is my understanding that approximately \$2.6 billion is unobligated; but this joint resolution allows the expenditure of up to \$290 million for the 30-day period.

Mr. GEORGE. I have no objection to that, but I would have very serious objection if it were proposed to appropriate all the unexpended and unobligated balance. In the Foreign Relations Committee I expect to offer an amendment to carry into effect the proposal that the unexpended balance, or so much of it as remains, shall be made available to the President without regard to functions and without regard to areas in which it may be expended, but that the new money appropriated shall constitute the balance of the total appropriation. There is an unexpended balance of between 9 and 10 billion dollars. Much of it may be contracted, but to the extent that it is unobligated, this year's appropriation ought to be cut down by every penny that can be made available to the President by giving him complete flexibility and authority to use it for any function, and to use it anywhere, notwithstanding any previous legislation on the subject. If the joint resolution deals only with the \$290 million, for the purposes stated, I have no objection to it.

Mr. BRIDGES. I assure the distinguished Senator from Georgia that it is limited to \$290 million of previously appropriated funds, and in no way opens the door to the complete use of all unobligated funds.

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

Mr. BRIDGES. I yield.

Mr. CHAVEZ. In the committee \$540 million was requested, was it not?

Mr. BRIDGES. That is correct.

Mr. CHAVEZ. The Appropriations Committee of the Senate agreed to the House figure.

Mr. BRIDGES. That is correct.

The PRESIDING OFFICER. The joint resolution is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the joint resolution.

The joint resolution (H. J. Res. 552) was ordered to a third reading, read the third time, and passed.

REVISION OF INTERNAL REVENUE LAWS

The Senate resumed the consideration of the bill (H. R. 8300) to revise the internal revenue laws of the United States.

Mr. FREAR. Mr. President, in the committee amendments, on page 331, under "(2) Limitation", the following provision appears:

For purposes of subsection (b), the term "regulated public utility" does not (except as provided in paragraph (3)) include a corporation described in paragraph (1) unless 80 percent or more of its gross income (com-

puted without regard to dividends and capital gains and losses) for the taxable year is derived from sources described in paragraph (1). If the taxpayer establishes to the satisfaction of the Secretary or his delegate that.

There is no paragraph (3). I should like to offer an amendment which is paragraph (3). I believe the chairman of the Finance Committee is familiar with this amendment.

The PRESIDING OFFICER. The amendment offered by the Senator from Delaware will be stated.

The LEGISLATIVE CLERK. On page 332 of the committee amendments, after line 10, it is proposed to insert:

(3) Certain railroad corporations:

(A) Lessor corporation: For purposes of subsection (b), the term "regulated public utility" shall also include a railroad corporation subject to part I of the Interstate Commerce Act, if (i) substantially all of its railroad properties have been leased to another such railroad corporation or corporations by an agreement or agreements entered into prior to January 1, 1954, (ii) each lease is for a term of more than 20 years, and (iii) at least 80 percent or more of its gross income (computed without regard to dividends and capital gains and losses) for the taxable year is derived from such leases and from sources described in paragraph (1). For purposes of the preceding sentence, an agreement for lease of railroad properties entered into prior to January 1, 1954, shall be considered to be a lease including such term as the total number of years of such agreement may, unless sooner terminated, be renewed or continued under the terms of the agreement, and any such renewal or continuance under such agreement shall be considered part of the lease entered into prior to January 1, 1954.

(B) Common parent corporation: For purposes of subsection (b), the term "regulated public utility" also includes a common parent corporation which is a common carrier by railroad subject to part I of the Interstate Commerce Act if at least 80 percent of its gross income (computed without regard to capital gains or losses) is derived directly or indirectly from sources described in paragraph (1). For purposes of the preceding sentence, dividends and interest, and income from leases described in subparagraph (A), received from a regulated public utility shall be considered as derived from sources described in paragraph (1) if the regulated public utility is a member of an affiliated group (as defined in section 1504) which includes the common parent corporation.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Delaware [Mr. FEARL].

Mr. MILLIKIN. Mr. President, I am willing to take this amendment to conference. I understand it has been submitted to the distinguished senior Senator from Georgia [Mr. GEORGE], and that he is likewise willing to take it to conference.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Delaware [Mr. FEARL].

The amendment was agreed to.

Mr. LONG. Mr. President, I move that the Senate reconsider the vote by which the amendment offered by the Senator from Minnesota [Mr. HUMPHREY] relating to grain storage facilities was agreed to.

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

Mr. LONG. I yield.

Mr. MILLIKIN. I wonder if the Senator would permit us to dispose of House bill 9315, to provide for an extension on a reciprocal basis of the period of free entry of Philippine articles in the United States. I do not believe its consideration would require very much time.

Mr. LONG. Mr. President, if the Senator will indulge me for 3 minutes, I can conclude in that time. This discussion will not require any considerable period of time.

Mr. President, I do not intend to insist on a vote on my motion. I wish to clarify the record in that respect.

In the first place, I was under an erroneous impression when I estimated that the cost of the amendment for grain storage facilities might run higher than \$1 billion. I was in error. Subsequent to that time I learned that the cost would be far less. As a matter of fact, the cost of this proposal, if properly administered, would be limited by the amount of grain storage for which there is need in the Nation. It is my understanding that there is need for approximately 300 million bushels of grain storage capacity, and that this could be constructed at a cost of approximately 50 cents a bushel, or perhaps a cost of \$150 million. The depreciation allowance and tax allowance work out to a figure of \$36 million tax loss a year.

Inasmuch as I incorrectly stated that the figures were far greater, I apologize to the junior Senator from Minnesota. I was alarmed at the possible abuses of the amendment, and I was hasty in attempting to calculate the cost of the amendment. I find that there are limiting factors which prevent it from being so wide open a loophole as I had thought. Those limiting factors were pointed out when we heard from the Department of Agriculture.

Having explained that the estimated cost is approximately \$36 million a year—

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

Mr. LONG. I yield.

Mr. DOUGLAS. May I say that this is a characteristically manly statement by the Senator from Louisiana. I think it is one of the tests of true gentlemanliness when a man admits publicly that he has been mistaken. Such a practice is not always followed on the floor of the Senate, but it is thoroughly in keeping with the character of the Senator from Louisiana.

Mr. LONG. The Senator from Illinois is extremely kind, as he always is. I appreciate his statement.

Having stated why I was in error with regard to the cost, I should like to state why I nevertheless disagree with the amendment.

In the first place, it seems to me that this amendment could lead to a considerable tax loophole in our laws. It might mean that a person in the upper income brackets, paying perhaps at the 84 percent rate, could proceed to reduce his taxes to a great degree by building grain storage facilities; and, to the ex-

tent that he built grain storage facilities, he would have a complete deduction in his tax liability for that particular year.

I do not believe that the provision would offer a great incentive for a farmer in the lower income brackets to build additional grain storage facilities.

In the second place, I believe the principle will come back to plague us in the future, when those who produce other items such as cotton, peanuts, and various other products will want similar tax treatment for the construction of warehousing for their own crops.

Likewise, I know that the Treasury Department feels that such a proposal as drawn by the Senator from Minnesota is subject to abuse. It would be possible for a person to build a warehouse or other structure of possible multiple use, and then to write it off in 1 year as a warehouse for grain storage, and in subsequent years to convert it to other uses, all at the expense of the tax collections of the United States Government.

Furthermore, I know that the amendment is not limited to those exclusively engaged in farming. In other words, it is entirely possible that a businessman or a man engaged in the oil and gas industry, or in some other industry, who has a high tax liability, could also own a farm, and such a person could construct warehouse facilities on his farm by virtue of the fact that he owned the farm and had some connection with farming activities.

I also object to this amendment because it is not limited to improvements on a man's own farm. Under the provisions of the amendment it is possible to build grain storage facilities on someone else's farm and still receive the benefit of the full deduction for the amount spent in constructing the grain storage facilities.

I agree that, based upon the provisions of the bill, it will encourage the construction of grain storage facilities, but I do not believe it to be necessary to establish this principle or to go nearly so far as the Senator from Minnesota proposes, in order to acquire grain storage facilities.

Having made that statement, Mr. President, and with the hope that the conference committee will not agree to the amendment in its present form, and that it will either try to eliminate the provision entirely or try to work out a workable compromise in order to tighten up the provisions, I ask unanimous consent to withdraw my motion to reconsider.

The PRESIDING OFFICER. Without objection, the Senator withdraws his motion to reconsider. Are there further amendments to be offered to the bill? The bill is open to further amendment. The Chair recognizes the Senator from Texas [Mr. JOHNSON].

Mr. MILLIKIN and Mr. DOUGLAS addressed the Chair.

Mr. MILLIKIN. Mr. President, may I ask for what purpose the distinguished Senator from Illinois rises?

Mr. DOUGLAS. I understand that the bill is open to further amendment.

Mr. MILLIKIN. Is the Senator from Illinois offering an amendment?

Mr. DOUGLAS. I shall be very glad to yield to the Senator from Colorado.

THE PRESIDING OFFICER. The Senator from Texas [Mr. JOHNSON] has been recognized.

MR. JOHNSON of Texas. Mr. President, I have an amendment at the desk, which I should like to have stated.

THE PRESIDING OFFICER. The Secretary will state the amendment.

THE CHIEF CLERK. On page 117 of the House bill, in section 501 (c) (3), it is proposed to strike out "individuals, and" and insert "individual," and strike out "influence legislation," and insert "influence legislation, and which does not participate in, or intervene in (including the publishing or distributing of statements), any political campaign on behalf of any candidate for public office."

MR. JOHNSON of Texas. Mr. President, this amendment seeks to extend the provisions of section 501 of the House bill, denying tax-exempt status to not only those people who influence legislation but also to those who intervene in any political campaign on behalf of any candidate for any public office. I have discussed the matter with the chairman of the committee, the minority ranking member of the committee, and several other members of the committee, and I understand that the amendment is acceptable to them. I hope the chairman will take it to conference, and that it will be included in the final bill which Congress passes.

MR. MILLIKIN. Mr. President, I am willing to take the amendment to conference. I understand from the minority leader that the distinguished Senator from Georgia [Mr. GEORGE] feels the same way about it.

THE PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Texas [Mr. JOHNSON].

The amendment was agreed to.

MR. MILLIKIN. Mr. President—

MR. DOUGLAS. Mr. President, I shall be very glad to yield to the Senator from Colorado, if he wishes.

THE PRESIDING OFFICER. The Senator from Illinois has not been recognized.

EXTENSION ON A RECIPROCAL BASIS OF THE PERIOD OF FREE ENTRY OF PHILIPPINE ARTICLES INTO THE UNITED STATES

MR. MILLIKIN. Mr. President, I should like to take up one other matter, not related to the pending business. I should like to dispose of it now, as the Senator from North Carolina [Mr. ERVIN] has been waiting a long time. During the morning hour I ask for the immediate consideration of H. R. 9315, which was unanimously reported by the Committee on Finance yesterday. The need for speed is that certain trade agreements which we have with the Philippines expire on July 4 of this year. I presented the matter this morning. Then the Senator from North Carolina [Mr. ERVIN] stated he wanted to make some inquiry about it, and I said I would withhold the request until later in the day.

I now ask unanimous consent that the unfinished business be temporarily laid

aside and the Senate proceed to the consideration of H. R. 9315.

THE PRESIDING OFFICER. The clerk will state the bill by title for the information of the Senate.

THE CHIEF CLERK. A bill (H. R. 9315) to provide for the extension on a reciprocal basis of the period of the free entry of Philippine articles in the United States.

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. ERVIN. Mr. President, the economic welfare of my State rests in large measure upon the continuing sale of leaf tobacco. The present trade relations between the United States and the Philippines are governed by a trade agreement entered into in 1946. The spirit of this agreement contemplated the free importation of leaf tobacco into the Philippines. The Philippines afford a market for approximately 23 million pounds of such tobacco a year. The Philippines produce only 2½ million pounds of such tobacco. In 1952 the Congress of the Philippines passed a statute which works on a progressive basis and curtails the importation of leaf tobacco to the extent of 75 percent of their normal requirements. The result is that eventually, starting next year, under this act the total importation into the Philippines would be only 25 percent of their normal requirements.

The growers of leaf tobacco in my State feel that this act of the Philippines Congress conflicts with the true spirit of the relationship between the Philippines and the United States, and with the true spirit of the trade agreement of 1946. The Philippines act, of course, has a rather disastrous effect upon the farmers in my State who grow leaf tobacco.

After the distinguished Senator from Colorado [Mr. MILLIKIN] agreed to withhold the matter until I could investigate it, I have been assured by Representative BONNER and by General Romulo that the Philippines Government is eager to correct the situation. I also understand that the State Department is now engaged in negotiations looking toward rewriting the trade agreement between the Philippines and the United States. I wish to urge the State Department to request the repeal of the act passed by the Philippine Congress and to attempt to get assurances that leaf tobacco will hereafter be on the free list as long as free trade continues between the United States and the Philippines.

I am very happy to say that General Romulo has assured us that the Philippine Government intends to do all in its power to adjust the matter satisfactorily, which is another evidence of the fact that the brightest page in history is perhaps that which recounts the relationship which has always existed between the United States and the Philippines. I withhold my objection.

MR. MILLIKIN. I should like to add that the Committee on Finance agreed yesterday that early next year it will hold hearings on the pending negotia-

tions, because there are a number of members of our committee who are very much interested in the question the Senator from North Carolina has discussed, looking toward a satisfactory solution of the matter.

THE PRESIDING OFFICER. The question is on the third reading and passage of the bill.

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

DENIAL OF A FEDERAL PENSION TO ALGER HISS

MR. DOUGLAS obtained the floor.

MR. MUNDT. Mr. President, will the Senator yield?

MR. DOUGLAS. I yield on the time of the distinguished junior Senator from Colorado. I believe in being generous with the time of other people.

MR. MILLIKIN. I yield 3 minutes to the distinguished Senator from South Dakota—longer, if he desires.

MR. MUNDT. I thank the Senator. I shall speak less than 2 minutes.

Mr. President, much excitement was generated around town a week or so ago when it was erroneously reported in the press that the Civil Service Commission and the President of the United States were in favor of granting a pension to one Alger Hiss. Naturally, I was concerned when I read that statement, but I was gratified when I read the succeeding issues of the newspapers to learn that the President of the United States was the first to disavow any such intention, and to say that he was thoroughly convinced that Alger Hiss should not receive a public pension.

Very quickly thereafter, the Bureau of the Budget and the Civil Service Commission corrected what had been reported to be their positions, stating that they, also, were not in favor of giving a pension to Alger Hiss.

As the author of the first piece of proposed legislation to deny the pension to Alger Hiss, I was glad to read these disavowals.

I am happy to see on the floor the distinguished junior Senator from Kansas [Mr. CARLSON], who is chairman of the Committee on Post Office and Civil Service.

My bill has been before that committee for a long time. I sincerely hope that before this session of Congress adjourns, the Senate will take action to deny to Alger Hiss a pension at the cost of the taxpayers of America. It seems to me that there should be a unanimous opinion in high places that this should be done.

MR. CARLSON. Mr. President, will the Senator yield?

MR. MILLIKIN. I yield.

MR. CARLSON. I wish to advise the Senator from South Dakota that hearings have been held and that action has been taken in the House. As soon as the bill comes from the House, the Senate Committee on Post Office and Civil Service will take immediate action.

MR. MUNDT. I have been delighted with the excellent progress which has been made.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD an editorial entitled, "The Hiss Pension Debate," published in the greatest of all newspapers, my home town daily, the Madison (S. Dak.) Daily Leader.

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

THE HISS PENSION DEBATE

Just why anyone should be arguing for a Federal pension for Alger Hiss, is absolutely beyond understanding.

If there is anyone in the land right now who is less deserving of a Federal pension than Hiss, we cannot think of his name off-hand.

To pay any Federal money to a person convicted under the circumstances under which Hiss was found guilty, is just simply beyond the bounds of ordinary common-sense.

If we have lots of money to toss around, let's raise the pensions of all the fighting men who fought communism in Korea, but let's not give away any money to Alger Hiss.

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

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

Mr. WILLIAMS. I join with the Senator from South Dakota in expressing the hope that legislation will be enacted to deny a pension to Alger Hiss. I have a similar bill pending before the committee, and I have received assurance from the committee that the bill will be given consideration.

I think there was a misunderstanding on the part of the press, because when I introduced my bill, which I think was early in January of this year, I contacted the chairman of the Committee on Post Office and Civil Service, and was promised his support on the proposed legislation. So I know that the chairman of the Committee on Post Office and Civil Service took a position long ago endorsing this type of legislation.

Mr. MUNDT. It certainly would be a travesty if in these hard and troubled times we found ourselves compelled to pay pensions to traitors.

The PRESIDING OFFICER. The time of the Senator from South Dakota has expired.

REVISION OF INTERNAL REVENUE LAWS

The Senate resumed the consideration of the bill (H. R. 8300) to revise the internal revenue laws of the United States.

Mr. DOUGLAS. Mr. President, I had intended to offer two amendments, namely, amendments D and E, one dealing with the \$1,200 exemption on pension income, and the other dealing with child care. But, in view of the obvious sentiment of the Senate and its apparent reluctance to grant further tax relief to those in the lower income brackets, I ask unanimous consent to have the text of the amendments and of the statements accompanying them printed in the body of the RECORD at this point.

The PRESIDING OFFICER (Mr. BUSH in the chair). Without objection, it is so ordered.

The amendments and statements are as follows:

ADDITIONAL EXEMPTION FOR WORKING MOTHERS

On page 34 of the bill, in section 151, after subsection (e) insert:

"(f) Additional exemption for certain working women and widowers:

"(1) In general: An additional exemption of \$600 for the taxpayer if—

"(A) the taxpayer is a woman or a widower; and

"(B) the taxpayer is entitled to an exemption for the taxable year under subsection (e) (1) with respect to a dependent who is—

"(i) his son, stepson, daughter, or stepdaughter (within the meaning of section 152) under 14 years of age; or

"(ii) a person who is physically or mentally incapable of caring for himself; and

"(C) the taxpayer establishes to the satisfaction of the Secretary or his delegate that the taxpayer incurred expenses of at least \$600 for the care of such dependent during the taxable year for the purpose of enabling the taxpayer to be gainfully employed.

"(2) Widower defined: For purposes of this subsection, the term 'widower' includes an unmarried individual who is legally separated from his spouse under a decree of divorce or of separate maintenance."

On page 54 of the bill, in the table of sections to part VII, strike out "Sec. 214. Child care expenses."

On page 55 of the bill, in section 213, strike out subsection (f).

On pages 55 and 56 of the bill, strike out section 214.

On pages 42 through 44 of the committee amendments, strike out amendment No. 69.

On page 414 of the bill, in section 3402 (f) (1)—

"(1) in subparagraph (D), strike out 'exemption; and' and insert: 'exemption;'

"(2) in subparagraph (E), strike out 'credit.' and insert: 'credit; and'

"(3) after subparagraph (E) insert:

"(F) one additional exemption if, on the basis of facts existing at the beginning of such day, there may reasonably be expected to be allowable to the employee an exemption under section 151 (f) (1) (relating to certain working women and widowers) for the taxable year under subtitle A in respect of which amounts deducted and withheld under this chapter in the calendar year in which such day falls are allowed as a credit."

STATEMENT BY SENATOR DOUGLAS

I wish at this point in the debate on the tax bill to congratulate the House Ways and Means Committee and the Senate Finance Committee for facing up to the inequity which has been meted out to our working mothers and their children by our tax laws. We have long permitted a businessman to deduct the full cost of the salary of a watchman to protect his factory, regardless of the amount of his income. At the same time, we have refused to permit deductions for the care of our children, in whose hands lies the future of this great country.

It is particularly appropriate, I believe, that we are attempting to deal with this problem at a time when other committees of the Congress are searching into problems related to juvenile delinquency. All evidence seems to point to the conclusion that our tax laws are not working to insure a constructive environment for our children.

There are those, who believe that mothers' place is in the home caring for their children and, assuming that economic conditions make this possible, there is no one who believes this more fervently than I.

However, we must be realistic. In 1951, working mothers were approximately one-fourth of all the women in the population who had children under 18. (Handbook of

Facts on Women Workers Bulletin, No. 242, U. S. Department of Labor, Women's Bureau, p. 21.) There were in 1951, 5.2 million mothers, who, in order to work, had to provide care for their children while they are absent from home. Most of these women worked because of necessity. They worked to supplement their husband's small earnings or because they have been left the head of their family. Most of these women are filling a dual need in that they have teaching, nursing, or stenographic jobs, where the supply is always short, at the same time contributing to the support of their families. Thus, we are on the one hand appealing to mothers to take these jobs and at the same time penalizing them for doing so by refusing to allow them to deduct the cost of child care.

In view of these factors, I believe we must insure that our working mothers are permitted a fair allowance for child care. The committee amendment falls short of this in the following respects:

1. It permits the \$600 deduction only for those working wives, whose combined adjusted gross income with that of their husbands is not more than \$4,500 and the deduction is decreased by any amount which the couple earns in excess of \$4,500. Thus, if their combined adjusted gross income is \$5,100 they receive no benefit from the committee amendment. After the deduction of income taxes, cost of child care, working expenses of the wife, and so forth, this leaves a very small amount for the support of a family of three or more. In urban areas, when the husband's income is under \$6,000 from one-fifth to one-third of the wives were in the labor force. (Women as Workers, a statistical guide, United States Department of Labor, Women's Bureau, p. 93.) It is in the urban areas where living costs are high and incomes must necessarily be higher and the committee amendment discriminates against working mothers in these areas.

2. The committee amendment will require working wives to itemize their deductions for interest, charitable deductions, medical expenses, and so forth, since the added \$600 deduction for child care would preclude their claiming the straight allowance of 10 percent of their income. Itemization of deductions is particularly unfavorable, for example, for persons who rent as opposed to those who are buying their own homes. This latter group can deduct interest and taxes on their homes. The renter also pays these costs in the form of rent, but he cannot deduct them.

In addition, low-income families have little funds for charitable contributions, and often forego medical care which is needed because they cannot afford it and thus often have no medical expenses in excess of the amount which may not be claimed.

In view of these factors, I believe a sounder approach would be a substitute for the committee amendment which I have offered. My substitute proposes an additional personal exemption to working mothers of children under age 14 and other employed taxpayers with dependents as defined in the committee amendment who are over that age.

ELIMINATION OF EARNINGS, RESTRICTIONS ON \$1,200 DEDUCTION FOR PENSION INCOME

On page 11 of the bill, in section 38, strike out subsection (d) and insert:

"(d) Limitation on retirement income: For purposes of subsection (a), the amount of retirement income shall not exceed \$1,200 less any amount received by the individual as a pension or annuity—

"(1) under title II of the Social Security Act;

"(2) under the Railroad Retirement Acts of 1935 or 1937, or

"(3) otherwise excluded from gross income."

On page 10 of the committee amendments, strike out paragraphs (2), (3), and (4) of amendment No. 13.

On page 10, line 20, of the committee amendments, strike out "(d) (1)" and insert "(d)."

On page 11, lines 13 and 14 of the committee amendments, strike out "subsections (b) and (d) (2)" and insert: "subsection (b)."

STATEMENT BY SENATOR DOUGLAS

Like so many other provisions of the tax bill before us, the retirement income exemption is more favorable to those who are well off than to those who really need tax relief. It discriminates against those who must work to supplement their income. The provision exempts \$1,200 of income from pensions, annuities, dividends, interest, rents, etc., and places no restriction on additional income from these sources. But woe to the man who has to work to supplement his pension to a point where he can live on it. For every dollar he earns over \$900, he must reduce the \$1,200 exclusion by that amount. Thus, if he earns \$2,100, he would get no benefit from the \$1,200 exclusion provision for retirement income. Meanwhile, his more fortunate fellowman, who has been able to invest in stocks, rental properties, etc., may have income into the hundreds of thousands and still not pay tax on the first \$1,200 of his retirement income. If there is equity in such a provision, it most certainly escapes me.

The tax-writing committees have attempted to justify this discrimination against the individual who must work, by claiming that this limitation is necessary to be in with the social-security work clause. The same House Ways and Means Committee which initiated this injustice has since seen fit to recommend that the social-security work clause be liberalized, making it possible for the social-security annuitant to receive his tax-free annuity and still earn an almost unlimited amount, if he is willing to forego his annuity for a couple months. It works like this: Say a retired architect gets a contract to build a house for \$5,000. He receives this payment in the month of January. He would have to forego his social-security annuity for January, but if he had no income in any of the other months in that year, he would receive the annuity the 11 remaining months, since the House-passed bill provides that benefits will not be withheld during any month in which the individual neither rendered services for wages in excess of \$80 nor rendered substantial services in a trade or business.

Now I recognize that income taxes are levied annually and benefits are paid monthly. That is why the committee used the \$900 figure.

The reason for the discrimination against earned income in the social-security system is purely administrative. It is easier to police. But we do not have this problem with respect to income taxes because the policing is simple. It is all contained in the income tax form. Thus, if the earnings' restriction is to apply at all, it should apply to unearned income as well as earned income.

But this should not be necessary. The aged people of this Nation have enough problems in getting enough to live on. The work clause itself is a bad proposition because it does not permit an aged person to work at lighter tasks or on a part-time job. In effect, it says "You don't get a pension unless you sit in your rocking chair." If it is physically possible, most aged persons want to have some useful work to do, and, as a matter of fact, it is generally necessary for them to have supplemental earnings unless we would force them to accept grinding poverty on the pitifully small pensions that most of them get.

Now the question may be raised that those with large earnings or income do not need special tax allowances. I submit that such persons are generally those with unearned income, and they have no restrictions in the bill now. Those who must work to supplement pensions do not earn large amounts of money.

My amendment would eliminate the earnings' restriction. Remember that the exclusion is not general. It is restricted to retirement income. Those who are retired on pensions are not likely to be big earners.

I would have no objection to permitting the exclusion only for those who have incomes of less than, say, \$5,000. But if we do, it should apply to all income and not merely to earned income.

MOTION TO RECOMMIT BILL TO COMMITTEE IN ORDER TO GET TAX RELIEF FOR ALL INCOME TAXPAYERS

Mr. DOUGLAS. Mr. President, I move to recommit the bill (H. R. 8300) to the Senate Committee on Finance with instructions to report it back to the Senate with recommendations giving less tax relief to upper income groups, businesses, and corporations, with correspondingly greater tax relief for those in lower and middle income brackets.

The PRESIDING OFFICER. Will the Senator send his motion to the desk? The clerk will state the motion of the Senator from Illinois.

The CHIEF CLERK. Mr. DOUGLAS moves to recommit the bill (H. R. 8300) to the Senate Committee on Finance with instructions to report it back to the Senate with recommendations giving less tax relief to upper income groups, businesses, and corporations, with correspondingly greater tax relief for those in lower and middle income brackets.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Illinois [Mr. DOUGLAS].

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

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. DOUGLAS. Mr. President, I am willing to agree to withdraw my suggestion of the absence of a quorum, provided I can obtain an agreement for a yeas and nays vote on my motion to recommit.

The PRESIDING OFFICER. The Senator from Illinois is advised that he cannot ask for such an agreement during the progress of a quorum call; but he may withdraw his suggestion of the absence of a quorum, and later, of course, again suggest the absence of a quorum.

Mr. DOUGLAS. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. BUSH. Is there objection to the request of the Senator from Illinois? The Chair hears none, and it is so ordered.

Mr. DOUGLAS. I now ask for the yeas and nays on my motion to recommit.

The yeas and nays were ordered.

Mr. MILLIKIN. Mr. President, is the Senator from Illinois submitting his proposition without debate?

Mr. DOUGLAS. No, not at all. I should like to have the clerk read the motion.

Mr. MILLIKIN. I simply did not think the yeas and nays should be recorded until that stage of the proceeding had been reached.

Mr. DOUGLAS. I asked for the yeas and nays as a precautionary measure.

The PRESIDING OFFICER. The clerk will state the motion of the Senator from Illinois.

The Chief Clerk read as follows:

Mr. DOUGLAS moves to recommit the bill, H. R. 8300, to the Senate Committee on Finance with instructions to report it back to the Senate with recommendations giving less tax relief to upper income groups, businesses, and corporations, with correspondingly greater tax relief for those in lower and middle income brackets.

The PRESIDING OFFICER. Will the Senator from Illinois state the amount of time he yields to himself?

Mr. DOUGLAS. I yield to myself and my colleagues 1 hour or such smaller amount of time as may be required.

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

Mr. DOUGLAS. I shall be glad to yield to the senior Senator from Colorado on his own time.

Mr. JOHNSON of Colorado. Mr. President, will the distinguished junior Senator from Colorado yield me 1 minute?

Mr. MILLIKIN. I yield more than 1 minute to my distinguished colleague.

Mr. JOHNSON of Colorado. I have just listened to the reading of the motion offered by the Senator from Illinois. I am looking now at article I, section 8, of the Constitution of the United States, which reads as follows:

The Congress shall have power to lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare of the United States; but—

There is that "but"—
all duties, imposts, and excises shall be uniform throughout the United States.

Are the Senator's instructions to the Committee on Finance in accord with that constitutional provision of being uniform, or does the Senator say to the Finance Committee, "tax the rich; give relief to the poor"? If so, who are the rich, and who are the poor, may I ask?

Mr. DOUGLAS. I may say to my good friend, the Senator from Colorado, that he apparently is taking the same position as that taken by Mr. Joseph H. Choate before the Supreme Court in the first income tax case in 1894, when he argued that an income tax did not provide for equality of taxation. Mr. Choate was upheld at the time by a split decision of the Supreme Court. But a constitutional amendment subsequently was passed, and the principle of progressive taxation not only has become imbedded in our legislation, but has been upheld by the courts, and is believed in by the American people.

Therefore, I say to my good friend from Colorado, who normally is so up to date, that in this matter he is just 60 years behind the times.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield for a further question?

Mr. DOUGLAS. Certainly.

Mr. JOHNSON of Colorado. Does the Senator from Illinois know of any legislation which has been enacted by Congress, that makes the classifications of taxpayers which the Senator makes in his motion?

Mr. DOUGLAS. That is implicit in every tax bill. For example, the income tax levies a higher percentage upon the upper than upon the lower incomes. I wanted to make the recommendation so general that the members of the Committee on Finance would be able to fill in the fine print. But every income tax bill which has different rates involves this question; and every bill which differentiates between different types of income has such a distinction implicit in it.

Mr. JOHNSON of Colorado. Mr. President, will the Senator yield for one more question?

Mr. DOUGLAS. Certainly.

Mr. JOHNSON of Colorado. Then I shall not bother the Senator further.

Mr. DOUGLAS. It is a great pleasure to have a colloquy with the distinguished senior Senator from Colorado.

Mr. JOHNSON of Colorado. I am not talking at all about graduated rates, as I think the Senator well knows. What I am talking about is the graduated classifications of the American people.

Mr. DOUGLAS. The graduated rates are based upon the graduated income classifications of the American people. Those classifications exist; and what we know as men, we cannot pretend to be ignorant of as Senators.

Mr. President, the Senator from Colorado [Mr. JOHNSON] has offered a technical objection to the motion which I made. I could have offered the following motion:

I move to recommit the bill, H. R. 8300, to the Senate Committee on Finance, with instructions to report it back with recommendations providing for tax relief for all income-tax payers, with total tax relief provided in the bill not to exceed that which was originally reported.

That would have the same effect as my original motion. If the Senator from Colorado prefers, I shall be glad to change my motion and ask unanimous consent that the substitute motion be considered. After all, my purpose is to get tax relief for all taxpayers; not just to those in high-income brackets.

Mr. President, I ask unanimous consent that the motion I have just stated be substituted for my previous motion.

The PRESIDING OFFICER. Does the Senator make that as a unanimous-consent request?

Mr. DOUGLAS. First, may I feel out the Senator from Colorado and ascertain whether this meets with his approval?

Mr. JOHNSON of Colorado. Mr. President, I congratulate the very able Senator from Illinois for admitting his error and making the change.

Mr. DOUGLAS. The meaning is the same; but if the wording is more satisfactory to the Senator from Colorado, I shall be glad to substitute the motion which I have just stated for the previous one.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request?

Mr. MILLIKIN. Mr. President, what is the immediate question before the Senate?

The PRESIDING OFFICER. The question is on agreeing to the unanimous-consent request that the Senator from Illinois may substitute another motion for his original motion. Is there objection to the unanimous consent request? The Chair hears none, and it is so ordered.

Mr. DOUGLAS. I thank the Chair.

The PRESIDING OFFICER. Will the Senator from Illinois send his motion to the desk?

Mr. DOUGLAS. Mr. President, I send my motion to the desk.

The PRESIDING OFFICER. The clerk will read the motion for the information of the Senate.

The legislative clerk read as follows:

I move to recommit the bill (H. R. 8300) to the Senate Committee on Finance with instructions to report it back with recommendations providing for tax relief for all income-tax payers, with total tax relief provided in the bill not to exceed that which was originally reported.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Illinois.

Mr. DOUGLAS. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. The yeas and nays were ordered on the original motion.

Mr. DOUGLAS. Does that order carry over to the substitute motion?

The PRESIDING OFFICER. The Chair rules that the order for the yeas and nays does carry over.

Is it the Senator's desire to yield himself time?

Mr. DOUGLAS. I shall be glad to have the Senator from Colorado lead off, if he wishes.

Mr. MILLIKIN. I do not wish to. I should like to hear what the Senator from Illinois proposes.

SEVERAL SENATORS. Vote! Vote! Vote!

The PRESIDING OFFICER. If no further time is requested—

Mr. MILLIKIN. Mr. President, so that I may know the question presently before the Senate, may I request that the Clerk read the motion?

The PRESIDING OFFICER. The Clerk will read the motion of the Senator from Illinois once more.

The legislative clerk read as follows:

I move to recommit the bill (H. R. 8300) to the Senate Committee on Finance with instructions to report it back with recommendations providing for tax relief for all income-tax payers, with total tax relief provided in the bill not to exceed that which was originally reported.

Mr. DOUGLAS. Mr. President, when the bill was originally reported, it contained provisions which would have meant a loss of tax revenue in the second year of approximately \$3 billion. Evidently the sustaining of such a revenue loss was thought to be safe by the Treasury Department and by the committee, because the bill was so reported. During the course of the debate, the majority party was forced to yield ground twice. The party had originally started out with a 15-percent dividend tax credit. A 15-percent dividend credit directly

applied to taxes would have cost the Treasury \$1,200,000,000. In the House the figure was reduced to 10 percent, which would have resulted in an ultimate cost to the Treasury of \$842 million.

Two days ago, in a surprise maneuver, the Senator from Colorado limited the credit to 5 percent, which would have meant that the loss in revenue would have been approximately \$420 million. Those reductions in revenue have been eliminated from the bill, but there has been no increase in personal exemptions, in fact, neither a flat tax reduction nor a \$100 exemption, provided for in the bill.

My proposal simply is that we should carry out the extent of the tax cuts originally intended to be carried out by the committee, by substituting for the tax cut which was originally granted to the recipients of dividends, tax cuts for the great mass of American income taxpayers.

The motion is drawn up in such general terms that it does not prescribe how the reduction is to be effected, but merely states that the total will be equal to the cuts originally given to the dividend recipients, and now temporarily eliminated, but not transferred elsewhere.

Mr. President, I am very frank to say that one purpose of the amendment is to forestall the possible reappearance of the dividend tax credit in the bill by action of the conference committee, because the rumor in the cloakroom—and the rumors heard there are frequently accurate—is that when the bill comes back from conference it will have some kind of a dividend tax credit, possibly 5 percent.

So, Mr. President, if we take the figure of the cut of \$842 million, which was knocked out of the bill, minus such increases as we may have made on the floor of the Senate, and there is substituted for that net cut a general reduction in the income taxes of the American people, we will not be impairing the position of the Treasury beyond that which the Treasury thought to be sound at the beginning of the debate; but we will be giving relief to the American people as a whole, and not merely to a special class of the American people.

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

Mr. DOUGLAS. I yield to the Senator from Minnesota.

Mr. HUMPHREY. The Senator is explaining the purpose and the objective of the motion to recommit. I should like to have the RECORD read that 91 Senators in this body have, at one time or another in the debate, voted for personal income tax reductions, and there is not now in the bill any provision for personal income tax reduction.

As I understand, one of the objectives of the motion of the Senator from Illinois is to effectuate by legislative language a proposal which has literally been demonstrated as being the desire of the Members of the Senate by their votes. There is now the opportunity for 91 Senators to be able to say to their constituents, "Look, I voted for income tax relief for you." Obviously, a constituent would wonder, "If 91 Senators voted for tax relief, and there are only

96 Members in the Senate, what happened?" This is a kind of tax shell game—first you see it, then you do not. It is a most amazing performance. Ninety-one tried, true, and tested Members of the Senate voted for income tax reduction, either by a tax credit of approximately \$20 or on the basis of an increased exemption allowance. Yet the tax bill does not give a nickel of income tax reduction.

Mr. DOUGLAS. It could not have been better if it had been done with mirrors.

Mr. HUMPHREY. I once reflected upon the mirages which were being conjured up in the Senate. I only say to my distinguished colleague the Senator from Illinois that he is now giving the Senate an opportunity to bring into fruition the dream it has had. We have seen the mirage. We have engaged in the game of tax relief, but the reality seems to have escaped our grasp.

I would not want any of my colleagues to leave this Chamber, after having tried so hard to give tax relief, and not be able to say, "Not only did I and 90 of my colleagues vote for tax relief, but here it is."

Mr. DOUGLAS. In other words, the Senator from Minnesota is saying that my motion, if agreed to, not only will give great tax relief to the people of the United States, but it will also give great emotional relief to Senators by removing the frustration which otherwise would be theirs.

Mr. HUMPHREY. Of course, the Senator from Illinois states the matter more vividly than I am able to state it. I was trying to say that certainly there will be a great additional emotional burden on every Member of the Senate when he begins to add up the votes, for then he will have to say, "How did it happen? Ninety-one Members of the Senate voted for tax relief, but there is no tax relief."

This is most unusual, and some persons will ask what kind of shell game it was and what kind of maneuvering went on.

Let me point out that if the bill is re-committed, whatever the committee may then bring forth will be better than the bill as it now stands, even if the committee comes forth with a \$10 or a \$20 credit, or a \$50 or a \$100 increase in the exemption allowed for dependents. Whatever the committee may do will be an improvement, in terms of individual income-tax relief.

If anyone has any doubt about how to compensate for that loss of revenue, let me say that later I shall be able to show the Senator from Illinois where there are some loopholes that could be plugged, and thus provide the revenue.

Mr. DOUGLAS. But did the committee or did the Treasury plug any loopholes?

Mr. HUMPHREY. I did not see many loopholes that were plugged. I recall that in past years the Treasury Department suggested a withholding provision to improve tax collections on dividends.

Mr. DOUGLAS. The Senator from Minnesota is referring to the Treasury in a previous administration, is he not?

Mr. HUMPHREY. Yes. Of course I look upon the Treasury Department as

an institution for the welfare of the people.

Mr. DOUGLAS. That is a big assumption. [Laughter.]

Mr. HUMPHREY. Well, I wish to be magnanimous in my assumptions.

My colleagues will recall that in past years there have been suggestions by the Secretary of the Treasury and other Government officials—

Mr. DOUGLAS. But in a previous administration.

Mr. HUMPHREY. Yes, in a previous administration—suggestions for withholding the tax on dividends.

Mr. DOUGLAS. Yes; and that would have saved \$300 million a year.

Mr. HUMPHREY. Between \$250 million and \$300 million a year.

I say that the Treasury got the idea that something was supposed to be done in regard to dividends. However, instead of simply withholding the collection of what should have been collected, the Treasury wanted to relieve itself of the burden of collecting even what was available under the present provisions of tax legislation.

Mr. DOUGLAS. Does the Senator from Minnesota think that the strategic retreat which the armies on the other side of the aisle beat, under the direction of the able general from Colorado, was a real retreat; or was it, to use the French phrase, a recoil in order to spring further—or reculer pour mieux sauter, I believe.

Mr. HUMPHREY. Well, there will be a rendezvous in the conference committee; and from the point of view of amassing an arsenal for this new offensive, I should think we in the Senate would have been faced with some kind of abbreviated program of stock dividend tax credits. I think we shall eventually be faced with that.

Mr. DOUGLAS. Whereas the motion of the Senator from Illinois would forestall that and prevent it, because the tax cut originally designed would be transferred from those who receive dividends to the great body of taxpayers; and that would be done at the discretion of the committee.

Mr. CARLSON. Mr. President, will the Senator from Illinois yield to me?

Mr. DOUGLAS. I yield.

Mr. CARLSON. As I understand, the Senator from Illinois wishes to have the taxpayers given the benefit of the proposal reported by the Finance Committee.

Mr. DOUGLAS. Yes; the one reported by the committee.

Mr. CARLSON. I believe the Senator from Illinois has been talking about generous treatment, and I believe the Senator from Minnesota has said something about being magnanimous.

Let me say that in the first year the amount available would be \$240 million, and since there are 77 million taxpayers, the individual share would be approximately \$3.50. That shows how generous we would be.

Mr. DOUGLAS. Perhaps we are not talking about the same thing. As the Senator from Kansas knows, primarily what has happened to the bill is that the dividend tax credit, which began at 10 percent when the bill came to the floor,

has been eliminated. I understand that, according to the members of the committee, the bill originally made a tax reduction of \$842 million. My proposal is to transfer that reduction, minus whatever increases have been made on the floor, to the general body of taxpayers. That would not reduce the total sum of the taxes collected by an amount greater than that which the committee originally intended; but in all probability it would forestall having the stock dividend tax credit reappear through a side door.

Mr. CARLSON. But I believe that in the first year it would amount to \$240 million, or \$3.50 for each taxpayer.

Mr. DOUGLAS. In the second year it would be \$842 million, and that would carry with it the provision that the cut in any one year should not be greater than the cut originally intended or designed.

Mr. HUMPHREY. Mr. President, will the Senator from Illinois yield to me?

Mr. DOUGLAS. I am glad to yield.

Mr. HUMPHREY. In the course of the debate there has been considerable discussion about the loss of revenue to the Treasury. I notice that in some of the discussion on that point, the chief concern was over the loss that would come from any reduction in the personal income tax. Does the Senator from Illinois have any idea what the loss to the Treasury would be from the percentage depletion allowance, coupled with the additional deduction for exploration and development expenses?

Mr. DOUGLAS. Approximately \$500 million.

Mr. HUMPHREY. Let me point out that in view of the increased allowances or deductions which have been provided in the bill, if we consider all minerals, oil, gas, and the entire list of depletion allowances, the total will be approximately \$1 billion.

Mr. DOUGLAS. In addition?

Mr. HUMPHREY. No, a total of approximately \$1 billion.

Mr. DOUGLAS. As compared with \$500 million previously; is that correct?

Mr. HUMPHREY. That is correct.

Mr. DOUGLAS. So another bonus of \$500 million has been given the owners of those properties.

Mr. HUMPHREY. I am not sure the original amount was \$500 million, but certainly it has been increased very largely, in the way I have stated.

Furthermore, last night the Senator from Tennessee [Mr. GORE] showed that a considerable loss of revenue would come from the change in the estate-tax provision.

Mr. DOUGLAS. Yes; in fact, I think the estate tax has now virtually been shot to pieces.

Mr. HUMPHREY. There are other loopholes in the tax law. If they were plugged substantial sums of revenue could be raised.

Finally, I ask the Senator if he recalls the very brilliant address by the Senator from Louisiana [Mr. LONG], in which he cited the tax relief which had been given up to date, amounting to several billion dollars since 1952, and who got it—what tax relief was given, and the

people who received it. Does the Senator recall that?

Mr. DOUGLAS. He showed that a very small fraction went to taxpayers in the low and middle income brackets, and that the overwhelming proportion of the tax cuts went to those in the upper brackets.

Mr. HUMPHREY. I believe the Senator from Louisiana pointed out that a substantial portion of the taxpayers who were relieved on January 1 of the 1951 increase in taxes lost that relief through an increase in the social security tax. Is not that correct?

Mr. DOUGLAS. That is correct.

Mr. HUMPHREY. And that the excess profits tax was primarily an industry tax.

Mr. DOUGLAS. That is correct.

Mr. HUMPHREY. Many of the other tax relief provisions which have gone into effect have been primarily limited to a very small group of taxpayers.

Mr. DOUGLAS. And is it not true that such relief as is given corporations in this bill, instead of becoming effective as of the moment of passage of the bill, is made retroactive to the first of January of this year?

Mr. HUMPHREY. That is my understanding. I invite the attention of Senators to the fact that in 1951, when we debated a tax bill and a proposed increase in the corporate tax rate, an amendment was proposed at that time which would have made the corporate tax rate effective as of January 1.

Mr. DOUGLAS. That was when the rate was being increased.

Mr. HUMPHREY. It was increased from 47 percent to 52 percent.

The Senator will remember the very long and hard-fought debate we had. He will recall that the first quarter of 1951 was one of the most prosperous and profitable periods in the history of industry. That first quarter escaped the new tax rate. It was commonplace and traditional in the writing of tax laws to have the corporate income tax schedule go back to the first of the year. This was one of the first times, if not the first time, that the corporate income tax increase was applied at the point of the second quarter in the year, instead of the first, saving the corporations approximately \$500 million, according to the calculations of the Treasury Department at that time.

Mr. DOUGLAS. But in this case, in which tax relief is to be given, instead of making that relief effective as of the date of the passage of the bill, it is made retroactive.

Mr. HUMPHREY. That is correct.

Let me conclude my inquiry, if the Senator will yield further.

Mr. DOUGLAS. I am glad to yield.

Mr. HUMPHREY. Is it not, therefore, the purpose of the Senator from Illinois in making the motion to recommit, to call upon the Senate Finance Committee to do what the Senate has voted to do? However, the votes have never quite added up together at the same time, at the same place, and on the same measure, to get something done. We have a surplus of votes. We have not only a two-thirds majority; we have a

five-sixths majority of the Senate for income tax relief, and with five-sixths or more of the Senate voting for income tax relief, either by way of increased dependency allowance, from \$600 to \$700, or a tax credit of \$20, we have no tax relief. This is indeed one of the miracles of legislation. Five-sixths of the membership of this august body profoundly and piously said, "We are for tax relief for the lower- and middle-income groups." Despite the 91 votes, there is no such tax relief. I say that we ought to get out of this maze, this crossword puzzle of tax legislation. We should put the pieces of the jigsaw puzzle together and come forth with at least some token relief to those who need it—relief which would stimulate activity in the economy.

Mr. DOUGLAS. Replying to the Senator from Minnesota, I say that now is the time for all good Senators to come to the aid of the taxpayer.

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

Mr. DOUGLAS. I yield.

Mr. LEHMAN. Reference has been made by the Senator from Minnesota to the very unfortunate—and I think ill-considered—action taken last night with regard to the inheritance tax or estate tax. I wonder whether the distinguished Senator from Illinois realizes that that action not only virtually destroys the possibility of receiving large revenues from the inheritance tax on great fortunes, but also very seriously, if not wholly, cripples the fiscal situation of the States.

In my own State of New York, one of the main sources of revenue is from the inheritance tax. New York and other States receive 80 percent of the total inheritance taxes. Under this provision there is no possibility of preventing the complete dissipation of those large revenues, because it is made possible for people of large fortunes to divest themselves not only of their interest in their estates, but also of any responsibility for paying the inheritance tax. I think it is one of the worst features of the bill, a feature so bad that it would be difficult under any circumstances to justify supporting it.

Mr. DOUGLAS. I thank the Senator from New York. Let me say that the 845 pages of text are difficult to assimilate, and they smell bad.

Mr. BYRD. Mr. President, will the Senator from Colorado yield me 5 minutes?

Mr. MILLIKIN. I am glad to yield 5 minutes to the Senator from Virginia.

Mr. BYRD. I wish to make a brief statement as to my position on the pending legislation. I have been in some doubt as to my vote on the bill. I have followed the consistent course that I would not vote to reduce taxes if it were necessary to borrow the money to do so.

The elimination of the tax dividend credit, under the Johnson amendment, reduces the loss in revenue in the pending bill by \$240 million for the fiscal year 1955, \$532 million for the fiscal year 1956, and \$814 million for the fiscal year 1957. I voted for the Johnson amendment. As a member of the Fi-

nance Committee, I likewise voted to eliminate the tax dividend credit.

Throughout the tax-reduction program I have consistently voted in opposition to reducing taxes with borrowed money. I have done this as a member of the Senate Finance Committee, and on the floor of the Senate.

The pending bill provides that the 5-percent tax on corporations, the normal tax, known as the Korean war tax, which expired April 1, 1954, shall be extended until April 1, 1955, thus realizing additional revenue, as compared with the present law, of approximately \$1,200,000,000 in the present fiscal year.

After eliminating the tax-dividend credit, the losses in the pending bill for the fiscal year 1955 will be approximately the amount of additional revenue raised by the extension of the 5 percent corporate tax. I am so advised by the latest estimates made by the fiscal experts. The two figures may not be exactly the same, but approximately the increased revenue derived from the extension of the 5-percent tax on corporations, which has already expired, will be sufficient to pay all the losses involved in the tax bill now pending, after eliminating the losses which would have occurred had the tax dividend credit provision been retained in the bill.

Mr. President, I will, therefore, vote for the pending bill, for the reason that it has in it many provisions of reform and of equalization and of clarification of the existing tax laws. It is the first complete code of tax laws that has been adopted since 1875. It is a monumental work, which was begun 2 years ago by the Ways and Means Committee of the House. As I have said, it provides many desirable changes in existing laws.

I would not vote for the pending legislation if the result of its enactment would be net loss of revenue for fiscal 1955, but, as I have said and as I now repeat, that is not the case.

As a member of the Committee on Finance, I wish to take a moment to say that in my 21 years of experience in the Senate I do not know of any measure which has had the painstaking care and the scrupulous attention to every detail this bill has had. It has 8,000 sections. Every section was gone over, not once, but twice, by the members of the Committee on Finance. Practically all of it was read. It consists of almost 900 pages. All details of it and all discussions in the committee were complete and frank, and lasted certainly more than a month, and perhaps 5 or 6 weeks.

There was no lack of attention on the part of the committee with respect to this monumental bill. I believe it is the largest bill, certainly in number of pages, that has ever been considered by the Senate.

I wish to pay my tribute to the splendid service rendered to the committee by the tax experts attached to the Committee on Finance for the consideration of this bill. I wish to pay special tribute to Colin F. Stam, the chief of staff of the Joint Committee on Internal Revenue Taxation, and to his associates for the fair and splendid way in which they explained the 8,000 sections of the

bill and prepared the extensive amendments which were adopted by the committee. I also wish to express my appreciation, as a member of the committee, to Dan Smith, assistant to the Secretary of the Treasury, and to Kenneth W. Gemmill, assistant to the Secretary of the Treasury, who rendered excellent assistance in this difficult task.

They did not volunteer their opinions. They did not try to press their conclusions and judgments upon the committee. They answered only such questions as the members of the committee propounded to them, and did so in a fair manner, without attempting to influence the judgment of the committee.

The committee received such assistance to a greater degree than I have ever known in my entire service on the committee, and it had the cooperation of the Treasury Department in working out the difficult tax provisions, with justice to both the taxpayer and to the Government.

While the pending bill is not by any means a perfect bill—and in my long experience with the Committee on Finance I well know that no legislation relating to taxes can be perfect—I wish to say that when we consider the implications and the complications of the gigantic tax structure known as the Federal tax system, I believe that the legislation now pending is a very worthwhile and creditable step in the reform of many sections of our tax laws, although as time goes on we must realize that further improvement and clarifications may become necessary.

Therefore it is my purpose to vote against the motion to recommit the bill. Nothing could be accomplished by it. I expect to vote in favor of the passage of the bill.

Mr. JOHNSON of Colorado. Mr. President, will the Senator from Colorado yield 5 minutes to me?

Mr. MILLIKIN. I am glad to yield 5 minutes to the Senator from Colorado.

Mr. JOHNSON of Colorado. Mr. President, I desire to associate myself completely with the statement of the Senator from Virginia. Both of us have served for a long time on the Committee on Finance. I agree with him that never before has the committee received so much help and cooperation from the staff of the Joint Committee on Internal Revenue Taxation, headed by Mr. Stam, and from the staff of the Treasury Department. I know that on other occasions our committee has had great difficulty with the Treasury staff, but not this time.

As the Senator from Virginia has pointed out, they gave us the facts as they saw them. They presented the case as they saw the case, and that is all. They did not try to impose their will or their judgment upon the members of the committee in any degree. It was my first experience in which the Treasury staff has acted in that considerate manner.

H. R. 8300 has been described as a rich man's bill and as a bill whose provisions favor corporations.

Mr. President, an unbiased and careful study of the provisions of H. R. 8300 do not reveal a basis for such a con-

clusion. H. R. 8300 extends for another year, as the Senator from Virginia has stated, the 5 percent normal tax on corporations, which expired on April 1, 1954. This extension will yield revenue of \$1.2 billion.

If the bill is recommitted, as is proposed by the pending motion, I do not know what our committee will be able to do with the bill. I know that we have given it our most earnest consideration. I know that it received the most earnest consideration from the Treasury, and I know it received the same consideration during the course of many months from the staff of the Joint Committee on Internal Revenue Taxation. If it were returned to the committee, it seems to me, the Senate would be acting in a spirit of ingratitude toward the Committee on Finance, toward the staff of the Treasury, and toward the staff of the Joint Committee. If it were returned to the committee, I believe we on the committee would have to conclude that we could not accomplish the purpose which the Senate had asked us to accomplish. I believe we would have to give up and let H. R. 8300 go by the board.

If we were to do that, who would benefit? Who would benefit from the motion which has been made by the Senator from Illinois [Mr. DOUGLAS]? The corporations of the country would benefit to the extent of \$1.2 billion.

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

The PRESIDING OFFICER. The time of the Senator from Colorado has expired.

Mr. JOHNSON of Colorado. Mr. President, I ask for 2 additional minutes.

Mr. MILLIKIN. I yield 2 more minutes.

Mr. JOHNSON of Colorado. The Senator from Illinois has plenty of time of his own. I have very little time.

In addition to the extension of the 5 percent normal tax on corporations, there are other provisions which increase the tax burdens of corporations, and they are very considerable burdens.

On the other hand, the bill does give some relief to about 25 million persons, more or less—I do not know how many more, but I think it is a great many more than it is less—many of them in the low-income bracket.

Medical care, child care, educational cost relief, charitable contribution relief, retirement income credits, assistance to the farmer, including soil and water benefits, and various other benefits and forms of relief are found throughout the 800 pages of this bill.

I wish to add one more word. My colleague, the able Senator from Colorado [Mr. MILLIKIN], has devoted many, many hours during the past 2½ months to the consideration of this bill. He has worked himself almost into a position where he will have to take a rest, because I know he must be almost completely exhausted by the close attention he has devoted to this bill and the worry and the work incidental to it. So I hope, most earnestly, Mr. President, that the Senate will not act in a spirit of ingratitude toward the Finance Committee and vote favorably on the motion of the Senator from Illinois.

Mr. DOUGLAS. Mr. President, I shall be glad to yield to the Senator from Colorado 2 minutes if he will be willing to reply to the question which I should like to ask him.

Mr. JOHNSON of Colorado. I shall be very glad to answer it.

Mr. DOUGLAS. The Senator said that if the bill were sent back to the committee, no tax bill would be reported. Is he implying that the members of the Finance Committee would indulge in a sitdown strike? I personally have a very much better opinion of the Finance Committee than that. They are an honorable body of men who will follow the instructions of the Senate.

Mr. JOHNSON of Colorado. Mr. President, that is not what I said, at all. That is a straining or stretching of what I said. What I said was that the Senate Finance Committee had done its level best on this bill. As the Senator from Virginia has described it, it has been a monumental task which should probably have taken 2 years to accomplish, and the committee performed that task in 2½ months. If this bill goes back to the committee, with the instructions which are contained in the Senator's motion, then I do not know what we could do except to give up.

Mr. MILLIKIN. Mr. President, I yield 3 minutes to the distinguished Senator from Pennsylvania [Mr. MARTIN].

Mr. MARTIN. Mr. President, I fully agree with the complimentary remarks made concerning the Senate Finance Committee staff. The Senate Finance Committee and the House Ways and Means Committee are very fortunate in their staffs and the aid which they receive from the Treasury Department.

The Finance Committee started work on this bill on April 6, and it has continued up to this time. More than 150 witnesses were heard. In excess of 700 statements were received and digested by the staff and then considered by the committee. Thousands of letters were received from taxpayers all over the Nation and they were considered by members of the committee and by the staff.

Mr. President, I feel that this bill is a monumental effort. Many experts on taxation throughout the Nation tell me that it is the finest job on taxation which has ever been accomplished by the American Congress.

In closing, Mr. President, I wish to pay my respects to the chairman of the Finance Committee. He has worked long hours, and, in addition to that, has been a most intelligent leader.

I also wish to express my appreciation of the senior minority member of the committee, the distinguished senior Senator from Georgia. The Senator from Colorado [Mr. MILLIKIN] and the Senator from Georgia [Mr. GEORGE] have cooperated in a manner which has been most encouraging to all members of the committee.

Mr. President, I think it would be a most serious error to return this bill to the committee. I do not see what could be accomplished by such action. I feel that the bill as it is now amended should be promptly passed so that the conferees can get busy on it and expedite its enactment into law.

Mr. CARLSON. Mr. President, will the Senator from Colorado yield me 5 minutes?

Mr. MILLIKIN. Mr. President, I had promised to yield to the Senator from Kentucky. I yield him 5 minutes.

Mr. COOPER. Mr. President, I am not a member of the Senate Finance Committee. I had not intended to speak on the bill today. I wish to speak for a few minutes at this time because of the argument which has been made supporting the motion to recommit the pending tax bill, H. R. 8300. The argument is based on the assumption charged again and again throughout the debate, that the bill is designed to benefit corporations, the rich, and those in the upper-income brackets, and discriminate against those in the lower-income brackets.

This argument reached its climax yesterday in the debate upon the amendment to strike from the bill the provision which would have given some relief in connection with the tax on dividends. I am not an expert, but it is my recollection that some of the most competent economic and tax experts in the country have recommended for a long time that such relief in justice should be granted. In fact, it was provided at one time in our tax law. I voted against the amendment to strike it from the pending bill. I was one of the few who did vote against the amendment because I believed as a matter of principle that it was right to grant the relief. I say, frankly, that the argument which was made then, and which now reaches another climax in the charge that the bill aids the rich, those in the upper-income brackets and discriminates against people of low incomes, is not founded on fact, and offends every sense of justice.

I remember that the great and distinguished Senator from Colorado [Mr. JOHNSON] and the great and distinguished Senator from Virginia [Mr. BYRD], both members of the Democratic Party, the able and distinguished Senator from Delaware [Mr. WILLIAMS] and the great leader of the Finance Committee [Mr. MILLIKIN], who, day after day, week after week, month after month, have sought to make it possible to give this form of tax relief, all stated that in principle the dividend-credit provision was just. Because of revenue needs and budgetary conditions the Senators from Colorado, Delaware, and Virginia voted to delete the provision. I applaud their position, for it was one of principle.

Another argument which has been made continually against this bill, in fact against the fiscal and economic policy of this administration as expressed in the bill, is that it is a denial of the promise of the administration to balance the budget.

This argument was used against the very provision about which I have been speaking, the stock dividend credit provision and almost every tax reduction or tax relief the bill provides. The opponents have said that this bill will add to the budgetary deficits and that this administration is not living up to its promises to balance the budget. Yet, at the same time, Mr. President, we have

witnessed for 3 days the introduction of proposals by the very ones who have made the arguments which if they had been adopted would have added billions of dollars to the Treasury deficit. It is an inconsistent, indefensible position that they have taken. Prior to this time I have voted against any tax bill which I thought would add to the deficit and make tax benefits payable out of the deficit. I voted against the excise-tax-reduction bill for that reason a few weeks ago. I say it is a tenable position. But it is inconsistent to argue against deficits and then to offer amendments which would take billions of dollars of revenue from the Treasury.

The PRESIDING OFFICER. The time of the Senator from Kentucky has expired.

Mr. COOPER. May I have 2 additional minutes?

Mr. MILLIKIN. I yield 2 additional minutes to the Senator from Kentucky.

Mr. COOPER. In reference to the argument which has been advanced and to which I referred when I began my remarks, namely, that the bill is unjust, that its provisions are unjust, because they do not give relief to the lower income brackets, I wish every Senator could have heard the forceful statement just made by the distinguished senior Senator from Colorado [Mr. JOHNSON]. It was a complete refutation of that charge. I say it is ironic that those who have never given tax relief, and who have only added taxes, should advance the argument that this bill does not give sufficient tax relief.

The only tax relief which the country has had since 1945 has come during this administration, and because of its policies, within the last year and a half. If the amendments which have been offered by the opponents had been adopted, it would have meant the end of tax relief, and they know it. The only possibility for further tax relief is to continue the reasonable, progressive, moderate program of reducing expenditures and tax reductions simultaneously, which the administration has been doing, and which this tax bill itself proposes. Over \$8 billion have been saved and over \$7 billion have returned to the people in 4 tax reductions in the last year and a half.

I think it is rather remarkable that, despite all the changes which are proposed by the bill—and they are numerous revisions—practically no fault can be found with them. The bill represents a tremendous revision, the first thorough tax revision in 50 years.

But the opponents of the administration return always to their argument, the rich against the poor. I can only say that that argument offends the facts and justice and is wholly political.

I hope the motion to recommit will be rejected.

Mr. MILLIKIN. I yield 5 minutes to the distinguished junior Senator from Kansas.

Mr. CARLSON. Mr. President, in my opinion, the Senate is completing action on one of the most important pieces of tax legislation in the Nation's history. As was mentioned by the distinguished Senator from Virginia [Mr. BYRD], the tax laws of the United States were last

completely revised in 1876. The Federal tax take in 1876 was \$294 million. This year, when we are rewriting our tax laws, the tax take will be upward of \$60 billion.

I think it is most important that we review and modernize our tax structure in keeping with the times and the increased tax take.

In the midst of our consideration of specific issues involved in the details of this important tax bill, there is great danger that we may lose sight of the basic purposes.

This is basically a reform bill. The emphasis is not on tax reduction. While the bill involves the loss of a considerable amount of revenue, this is incidental to the fundamental purposes which are: To provide relief to taxpayers in unusual hardship situations; to remove obstacles to the expansion of private investment which is essential to the continued improvement of our national standard of living; to close loopholes in existing law; to clarify the tax law; to remove uncertainties; and to make it easier for the taxpayer to comply with his obligations under the law.

Relief is provided for millions of individual income taxpayers where most needed by such provisions as those relating to child-care expenses, unusual medical costs, and retirement income.

The expansion of business investment will be facilitated by a substantial improvement of the tax treatment of depreciation charges, by the extension of the net operating loss carryback, and by the liberalization of the treatment of business research and development costs and soil and water conservation expenditures of farmers.

Small business has a particular interest in these features of the bill. In addition, the revision of the tax on the undue accumulation of corporate surplus is designed specifically to eliminate the disturbing effect of this tax upon the decisions of small-business men. We know that small-business men have been uncertain as to their status under the existing law and have been unduly influenced by the threat of this penalty tax.

Small business will also benefit from the clarification of the law as it applies to partnerships, and from the substantial improvement in the rules relating to corporate recapitalizations and reorganizations, as well as from the option provided under the Finance Committee bill to allow certain partnerships to be taxed as corporations and certain small corporations to be taxed as partnerships.

This bill contains many items which close loopholes in existing law. Among them are provisions designed to reduce the practice of trafficking in loss corporations, to eliminate the use of so-called collapsible partnerships, and to tighten the provision of existing law designed to prevent the use of the collapsible corporation. Other provisions would eliminate certain avoidance schemes such as those which involve the amortization of bond premiums and single-payment annuity contracts.

The bill will make the burden of compliances with the law very much less difficult. Individual taxpayers have

been given more time to file their returns and a million of them have been relieved of the requirement for filing declarations of estimated tax.

Taxpayers generally will find the new law clearer and more definite. Paper work will be reduced.

We have waited a long time for a general revision bill. The need for overhaul has been recognized by several Congressional committees, by Democrats as well as Republicans. The urgency of reform has grown enormously as tax burdens have increased and as the law has become more complex through its piecemeal amendment during the past twenty-odd years. Taxpayer organizations, trade associations, professional organizations, and citizen groups have all urged legislation to remove inequities and to bring the tax structure into better alignment with the requirements of the American system of private enterprise.

The bill before us meets these long-felt and urgent needs for general revision and its enactment now is highly important to all taxpayers and to the soundness of our economy.

I sincerely hope that the Senate will not vote to recommit the bill.

Mr. DOUGLAS. Mr. President, I yield 6 minutes to the Senator from Louisiana.

Mr. LONG. Mr. President, I would not at all wish to imply that there are no good features contained in the bill. There are many good features. The bill closes a great many loopholes in the tax law. There are many well-justified provisions which will involve considerable loss to the Government, the accelerated depreciation provision being outstanding among them.

Nevertheless, I shall vote to recommit the bill to the Committee on Finance, where I have had the honor to work during the last 10 weeks in trying to perfect the bill.

I shall vote for the motion to recommit because I do not believe such recommitment would cause us to correct one great fundamental defect; namely, the bill does nothing whatsoever for the majority of the taxpayers of the Nation.

As I have pointed out previously to the Senate, since January 1, 1954, there has gone into effect about \$4,600,000,000 of income-tax relief. This bill will have a third year cost of about \$3,800,000,000. This will make a grand total of about \$8,400,000,000 of income-tax relief. Spread evenly among all taxpayers, that would have been enough tax relief to have given every family in America a reduction in its taxes of \$200 a year.

I say to Senators that when they go out to discuss the tax bill among their constituents, they can say: "My friends, I am pleased to tell you that we have made some tax reductions. I regret to say that for the great majority of you it will not save you 5 cents. But it manages to do well for the corporations. We have included a very fine provision for accelerated depreciation, which will not cost much more than \$350 million in the first year, and not much more than \$1 billion in the second year. Over a period of time it will not cost the Government much more than \$18 billion. But it is a good provision. It has merit and was

recommended. So we have managed to work out that provision for corporations and businessmen."

Yes, Senators can look their constituents in the eyes and say, "We have worked out various other adjustments. Those who have insurance policies will not be victimized by someone who is imposing unjust estate taxes when the policyholders die. We have closed about 50 minor loopholes in the tax law." But the Senators can then go on to say, "I am sorry, my friends, that the state of the economy would not permit us to allow you to save 5 cents in any of the tax-reduction proposals."

Senators can explain to the majority of their constituents that they regret that the social-security tax increases have more than offset any reduction in their personal-income tax. They can say that it is too bad, but the condition of the economy was such that Congress simply could not afford to give the average American any tax relief.

They can then proceed to explain that it was fortunate that from January 1, 1954, to the 3d year of the tax bill, there have been passed or will be passed, laws providing over \$8 billion in tax relief, enough to give every family that pays taxes \$200 relief, although the average citizen will receive no substantial relief whatsoever.

Mr. President, some persons are going to try to mislead or confuse the American public. I hold in my hand a copy of today's Washington Evening Star, on the front page of which is a cartoon. In the cartoon there is depicted a Republican Senator on one side and a Democratic Senator on the other side, both patting "J. Taxpayer" on the back. They are both saying the same thing, "I certainly tried my best to help you, John." One of the Senators has in his back pocket a document labeled "Rejected tax-cut plan," and on his coat are written the words "Senate Democrats." The other Senator has in his back pocket another document, "Rejected tax-cut plan," and on his coat are written the words "Senate Republicans."

Mr. President, 47 Republicans voted for the so-called Millikin substitute for the George amendment. After the substitute failed, they proceeded to vote to kill the George amendment. So the George amendment, raising individual exemptions, did not go into the bill.

In an attempt to offset that result, I offered what I believed was an improved version of the Millikin amendment, in an attempt to meet the objections expressed by the Republican Senators. I am pleased to say that 30 Democrats voted to support my amendment. Only three Republicans voted in favor of it.

How can we explain to the American public that the Republicans knocked out the Democrats' proposal, and the Democrats knocked out the Republicans' proposal, and as a result John Q. Public received not one 5-cent piece in relief in a bill which will cost three billion eight hundred million dollars?

For my part, I shall explain that I voted for the George amendment, and I voted against the Millikin substitute,

which would have had no other effect than that of reducing by half the tax benefits to taxpaying families.

When the George amendment was not adopted, I tried to offer what I believed to be a properly drawn amendment to retain the best feature of the amendment previously offered by the Senator from Colorado [Mr. MILLIKIN]. Nevertheless, all those efforts failed.

If 47 Republicans are sincere in wanting to reduce the taxes of the average taxpayer, and if there are more than 40 Democrats who are sincere in wanting to reduce the burden on the average taxpayer, we should let the Finance Committee take another look at the proposed legislation, and see if it cannot succeed in carrying out what more than 90 percent of the Senators would have us believe is the will of the Senate.

It would be ridiculous to have had all the tax relief which has been granted since January 1, and still have to report to the average taxpayer that he had been granted no tax relief, although 90 percent of the Senators wanted to grant him relief. Every time there has been an effort to grant the average taxpayer relief, the Senate has knocked out the proposal. That is why I shall support the motion to recommit. I shall do so in the hope that we can work out a way of granting tax relief to John Q. Public, in view of the fact that billions in tax relief have been granted to corporations and other privileged taxpayers.

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

The PRESIDING OFFICER. The time of the Senator from Louisiana has expired.

Mr. DOUGLAS. Mr. President, I yield 3 additional minutes to the Senator from Louisiana.

Mr. LONG. I yield to the Senator from Minnesota for a question.

Mr. HUMPHREY. In his summary, the Senator from Louisiana quickly passed over an explanation of the amendment which the Senator proposed on yesterday, which was, as I understood at that time, a proposal which steered down through the middle of the George amendment and the Millikin amendment.

I think the RECORD again at this point ought to be crystal clear that the amendment of the Senator from Louisiana, while it contained in essence the \$20 tax credit provision, also eliminated the many opportunities for getting tax credit which were found in the amendment offered by the Senator from Colorado [Mr. MILLIKIN].

The amendment of the Senator from Louisiana did not include an exemption for dependents, but did include a tax credit of \$20 for each taxpayer.

May I ask the Senator from Louisiana if the opportunity for any Senator who really wanted to grant tax relief to the individual taxpayer was not at the time of the vote on the Senator's proposal?

Mr. LONG. It would seem to me that was the opportunity for both Democrats and Republicans to have combined their efforts to make sure every taxpayer would have some tax relief. I would

have thought that was the least that Senators could have done. I regret to say that some of the arguments made against my proposal would not hold up under scrutiny. The proposal was made to strike out the \$50-tax exclusion for dividend income, and to substitute for that provision a proposal to grant a \$20 tax credit.

I recall that a Senator made the argument that the adoption of such a proposal would result in granting a \$20 tax credit to a person having an income of \$10,000. The proposal certainly would have done that. True, my amendment would have aided the rich as well as the poor. However, I was offering that as a substitute, and proposing to strike out a provision which would not aid the average income taxpayer, because it would exempt from taxation the first \$50 of income from dividends.

Mr. HUMPHREY. Does not the Senator regard the motion of the Senator from Illinois as an opportunity for the Finance Committee to afford positive, broad relief for the average taxpayer?

Mr. LONG. I think the Finance Committee should go back into session and consider the amendment offered by the distinguished chairman of the Finance Committee, in an effort to make sure that the average taxpayer will get relief, rather than merely the privileged 40 or 50 percent of the American taxpayers.

Mr. GEORGE. Mr. President—

Mr. MILLIKIN. I yield 5 minutes to the Senator from Georgia, or as much time as he may desire.

Mr. GEORGE. I hardly think I shall consume 5 minutes. Unfortunately, because of illness, I was not able to attend the hearings on the bill; but I have been with the committee in the writing of the bill, that is, in the executive sessions, while the committee was working on the bill itself.

I suppose no one would claim this to be a perfect tax bill. Speaking broadly, there are no perfect tax bills. In January there was an elimination of the excess-profits tax, which relieved the American taxpayers who were affected by about \$2 billion in taxes, on an annual basis. In January there was an across-the-board percentage-wise reduction in individual income tax rates, which relieved individual taxpayers of the payment of a little more than \$3 billion, on an annual basis. Then later there was a reduction in the excise taxes, which relieved American industry and the American taxpayers of about \$1 billion in taxes. The bill now before the Senate will relieve the American taxpayers of about \$1,400,000,000 in taxes. I am not able to state the precise amount.

I think it is accurate to state, Mr. President, that the relief of taxes to the extent indicated is, within itself, a stabilizing influence on the economy. I have no doubt that the reductions in taxes which have taken place since January 1 of this year have been one of the strong influences in stabilizing our economy and, I hope, in starting it in the right direction.

I think that in many respects the bill is a definite improvement over existing law. It may not represent an improve-

ment in certain other respects, because it was impossible to examine into every section of the revenue laws and study each section carefully, in the limited time in which the Committee on Finance had to work on the matter. But certainly there are in the bill some provisions in regard to matters that have long called for remedial treatment. One is the loss carry back and loss carry forward provisions, which tend to equalize the actual taxes or taxable profits of taxpayers. Another is the depreciation provision. It might have been possible that the depreciation provision could have been written in somewhat a different way which might have appealed to many persons as being a bit more equitable; but certainly it is highly desirable to make it possible for industries, shops, and producers in the United States to be able to provide new machines, and new machine tools, every 10 years. I think that would be a great forward step in our economy.

I do not undertake to recount all the other provisions of the bill; but I feel that, on the whole, this bill is a good one. I feel that if nothing else could be said for the bill, it can be said that the bill represents a fair attempt to provide equitable relief to taxpayers in all categories with hardship cases that have been brought to our attention within the limited time available for us to review those complaints; and the lifting of the burden of taxes on the American people by approximately \$7 billion or more in this year is, beyond all doubt, a very, very strong influence for a sound economy in the Nation.

Therefore, Mr. President, I will vote against the motion to recommit, and I will vote for the bill.

Mr. HOLLAND. Mr. President, will the Senator from Colorado yield 5 minutes to me?

Mr. MILLIKIN. First, Mr. President, let me inquire how much time remains to me?

The PRESIDING OFFICER. The Senator from Colorado has 26 minutes remaining.

Mr. MILLIKIN. If the Senator from Florida will be willing to wait briefly, first, I desire to yield 3 minutes to the Senator from Utah.

The PRESIDING OFFICER. The Senator from Utah is recognized for 3 minutes.

Mr. BENNETT. Mr. President, as the newest and the youngest member on the majority side of the Finance Committee, I desire to express my confidence in the leadership of the committee.

In the short time I have been a Member of the Senate, I have never served on a committee all of whose members work more objectively in the solution of the problems facing them.

As the Senator from Georgia has said, there can never be a perfect tax bill. However, it seems to me that a vote in favor of agreeing to the motion of the Senator from Illinois will be a vote of no confidence in the committee and its members, including its senior members, who have had years and years of experience in wrestling with problems of this kind. As the junior member, I have

been literally amazed at their knowledge and their devotion to the task; and I am glad to be able to point out that their devotion has matched their knowledge.

I know of no other bill on which I have ever worked that has been approached with such great objectivity, and I certainly could not agree to scrap 10 or 11 weeks of earnest, sincere, hard work and direct the committee to attempt to write the bill on the basis of the proposals made on the floor of the Senate in the heat of the kind of debate to which we have listened during the past several days.

So, Mr. President, I shall vote against the motion to recommit, and I shall vote for the bill, in order to express my confidence in my fellow members of the committee and in their earnest and sincere work over the past 10 weeks.

Mr. HOLLAND. Mr. President, will the Senator from Colorado yield to me at this time?

Mr. MILLIKIN. Let me inquire how much time the Senator from Florida wishes to have me yield to him.

Mr. HOLLAND. I should like to have 5 minutes.

Mr. MILLIKIN. Very well; I yield 5 minutes to the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida is recognized for 5 minutes.

Mr. MILLIKIN. Let me state to the Senator from Florida that if he finds 5 minutes insufficient, I shall be glad to have him request more time.

Mr. HOLLAND. I thank the Senator from Colorado. I believe 5 minutes will be sufficient.

First, Mr. President, I wish to express my deep appreciation to the distinguished chairman and to every other member of the committee, not only for the very great task they have performed so well, but also for the numerous occasions on which they have shown courtesies to me and to members of my staff and, I am sure, to all other Senators and the members of their staffs, and to many, many citizens, when we have carried to the committee, or its staff, questions which have been brought to our attention by citizens of our respective States.

Personally, I have carried perhaps several dozen such matters to members of the Finance Committee or to members of the committee staff. I wish to have the RECORD show not only that those matters were courteously and capably handled, but that they were by no means handled by any "yes" process, because I think it would be safe to say that on at least one-half of the occasions on which business of one kind or another in my State felt that an injustice now existed in the tax law and should be corrected, the staff member or the committee member I approached, after study, said to us quite frankly that there was a good reason why that particular situation should not be and could not be changed. I am glad that is the attitude of the members of the committee and their staff.

Mr. President, I believe that, in the main, this bill is a very fine and constructive one. It has been built on an

immense amount of research by the most capable men we have; I refer not only to the members of the committees in the Senate and the House of Representatives, but also to the staffs of the respective committees, whose staff members have the finest of training in this specialized field.

It grieves me to have anyone discount the value of this monumental task, because I know, of my own knowledge, of so many helpful and fine provisions in the bill.

Insofar as the citizens of my State are concerned, let me say that we have received literally hundreds of letters on one point alone, namely, the desire of persons who are retired under various programs—and in our State we have many thousands of persons in that category, who have come to our State from literally all over the United States—I refer to such persons as retired teachers, retired policemen, firemen, and others who are retired—to be relieved from what they believe to be discrimination against them because retired employees under the Federal system were given certain income-tax credits, whereas retired employees under State or other public or private system were denied such credits. I am very happy that the bill takes care of that situation equitably; and, in respect to our State, the bill certainly takes care of many thousands of retired persons of very modest income, who now will be entitled to feel that when they pay their taxes, they are being treated on the same basis on which other persons in the same or similar categories are being treated.

I could mention various other splendid provisions of the bill, Mr. President—among them, the provision for giving conservation practice credits to farmers. That provision applies not only to big farmers, but also to small farmers in every part of the Nation. I am very glad that provision is in the bill. It is in the public interest to encourage conservation practices by those who produce from our soil.

There is also the provision for increased tax credit for payments to doctors and dentists and for other medical expenses. Certainly every group of our people, including every group of poor people, is affected by that provision, because, unfortunately, whether rich or poor, all of us have the misfortune of having illness come, at times, to members of our families and to ourselves.

Mr. President, I could mention various other fine provisions of the bill but lack of time prevents me from doing so. In particular, Mr. President, I must mention the matter of the giving of some tax relief to those who receive dividends from corporate stock. During the debate it has already been stated that the only class of taxpayers on whom the wartime tax—in that case it was an extra tax of 5 percent, and was called the Korean-war tax—is to be reenacted is the corporations. Out of that additional reenacted tax, amounting in a year to approximately \$1,200,000,000 of Federal revenue, there is allowed in the bill a pitifully small sum, amounting to approximately \$46 million, under section 116 of the bill, to go, not just to the big

taxpayers, but equally to all taxpayers, both big and small who receive dividends, as deductions from gross income.

Mr. President, though this is only a beginning, I am glad we are making a step in that direction, because I do not believe that any Member of the Senate feels that the system of double taxation which has prevailed, and still prevails on our 6 or 7 million citizens who own stock, is fair or equitable.

The PRESIDING OFFICER. The Senator's time has expired.

Mr. HOLLAND. May I be allowed 1 more minute, to make an additional point?

Mr. MILLIKIN. I am glad to yield an additional minute to the Senator from Florida.

Mr. HOLLAND. I have been particularly unimpressed by a fallacious argument which has been made from time to time on this floor during the debate, to the effect that the 10 percent reduction of income tax which accrued to all individual taxpayers on January 1 of this year has been of no force and effect as to wage earners because of the fact that their payroll taxes for social security went up at the same time. These payroll taxes did go up at that time, but they are supplemented by an additional equal amount paid by the employers. What is happening is that good insurance—good old-age protection—at a better rate than it can be bought from any private insurer, is being purchased by these people who are having those deductions made, and they are making a very fine investment out of that additional amount of payroll tax, doubled, as it is, by the contribution of their employers. My time is up. I shall vote against the motion to recommit, and for the bill, with a great deal of pleasure.

Mr. MILLIKIN. I thank the Senator.

Mr. FREAR. Mr. President, will the chairman of the committee allow me 1 minute?

Mr. MILLIKIN. Gladly.

Mr. FREAR. Mr. President, I wish to pay high tribute to and to compliment the chairman of the committee and the ranking minority Member for the exercise of great patience in the undertaking which the Finance Committee has just carried through in rewriting the tax laws of the Nation.

Technical as this bill is, the cooperation of members of the committee, the staff, and representatives of the Treasury Department, in my opinion, has been unexcelled. Truly the bill is not all that we would like to have. I am very sorry that we could not obtain an increase in the personal exemptions, but I believe there will be another tax bill, in connection with which we shall have another opportunity.

The PRESIDING OFFICER. The time of the Senator from Delaware has expired.

Mr. FREAR. May I have another minute?

Mr. MILLIKIN. I yield 1 more minute to the Senator from Delaware.

Mr. FREAR. I have great sympathy for the motion of the Senator from Illinois, but after all the work that has been put in on the bill, I believe it would be a great sacrifice to recommit it. I

shall therefore vote against the motion to recommit and in favor of the passage of the bill.

The PRESIDING OFFICER. The Senator from Colorado has 12 minutes left.

Mr. MILLIKIN. I yield not to exceed 5 minutes to the junior Senator from Florida.

Mr. SMATHERS. Mr. President, a moment ago the able Senator from Utah [Mr. BENNETT] said that he was the freshman, the new member on the Republican side of the committee, and that he hesitated for that reason to make an assertion.

I may say that I am the youngest, most unsophisticated member on the minority side. I have been a member of the committee for only the past 3½ weeks, but I feel impelled to add my small voice in behalf of this particular bill.

When I became a member of the committee about 3½ weeks ago I was greatly impressed by two things. The first was the complete diligence of members of the committee in conducting their work. I have been a member of other committees of the Senate, and when a meeting was set for 10 o'clock, the members would arrive at 10:30, adjourn at 12 for a leisurely luncheon, meet in the afternoon supposedly at 2 o'clock, with the members arriving at 3, and remain in session for an hour or so.

On the Finance Committee, if I arrived possibly 10 or 15 minutes late, I would find almost every other member of the committee in his seat listening to members of the staff as they went through this very detailed and complex bill. That happened not only upon 1 occasion, not for 1 week or 2 weeks, but for the entire time I have been on the committee.

I wish to join with other Senators in paying tribute to the able Senator from Colorado [Mr. MILLIKIN], the able Senator from Georgia [Mr. GEORGE], and all the other members of the committee for the diligence they showed in trying to do what was right, so far as the taxpayer is concerned, in connection with the tax relief and revision program.

I also pay my tribute to Mr. Stam and his very able staff. I have never before been associated with a group of young men who knew their job better than do these men.

I was also greatly impressed by the concern which the chairman and other members of the committee had, not for the big taxpayer, not for the big corporation, but for the small taxpayer. In every instance the chairman would say to the representative of the Treasury Department, "Let me ask you an honest question. What is best for the taxpayer? What do you honestly think about this provision? Is it going to hurt the taxpayer?"

Every time the Treasury representative or the staff representative would make a statement, the committee would vote, at the suggestion of one of the members of the committee, in the light of what was best for the taxpayers, not what was best for the big corporations or the very rich people.

I do not believe that this is a rich man's bill. Obviously there are some

provisions in it which will help the rich man. Obviously there are some provisions in it which will help the large corporations. But when one goes through the list of provisions in the bill and examines them from the standpoint of what is good for small business and what is good for the average individual taxpayer, he finds provision after provision designed for the sole purpose of giving relief to the ordinary taxpayer, the taxpayer in the lower-income brackets.

Let me mention only a few of such provisions. The first item is "Employees not taxed on employer contributions or proceeds of self-insured accident and health plans." That is not designed to help the rich man.

The next item is, "Exemption of rental allowances paid ministers of the gospel." That is not designed to help the rich man.

The next item is "Meals and lodging furnished for convenience of employer exempt." That is not designed to help the rich man or the big corporation.

The next item is "Exemption of subsistence allowances furnished to State police." No one ever accused the State police of being rich.

The next item is, "Taxes and interest paid to cooperative housing corporations." That provision was not designed to help the rich man who lives on the river in a house full of servants.

The next item is the retirement income credit, which will cost the Treasury \$141 million. Was that designed to help the rich man? Obviously not.

The next item is "Extension of dependency credit." We have broadened the scope of the bill so that if a person has a foster son or daughter, there is a further exemption.

The next item is "Exemption for certain dependents regardless of earnings." A farmer can put his son in a 4-H Club, and the son can work and make some money, but the farmer may still claim him as a dependent.

The PRESIDING OFFICER. The time of the Senator from Florida has expired.

Mr. MILLIKIN. Mr. President, I yield the Senator from Florida 1 minute additional.

Mr. SMATHERS. I conclude by saying that as one goes through the bill item by item, obviously he finds that there are some provisions which will benefit the rich. Strangely enough, the depreciation allowance was recommended by the Small Business Committee. The statement that it is solely for the purpose of helping the rich is not quite true to the facts. Small business people wanted it, too.

When we look over the bill, I think it is only fair to bear in mind that it is supposed to be a revision bill. The net cost will be nothing. If we keep the corporation tax high, the bill will pay for itself. I think it is a good bill.

Mr. DOUGLAS. Mr. President, I yield 2 minutes to the Senator from Louisiana [Mr. LONG].

Mr. LONG. Mr. President, there is one aspect of the bill which has not hitherto been noted.

The provisions which relate to retired firemen, the provisions which relate to retired schoolteachers, the provisions which relate to babysitters hired by widows, and so forth, show no great increase in cost in the second and third years. Senators will find that all those provisions reflect their full cost in the first year. The cost does not grow as time goes by.

The cost of this bill was originally \$1,400,000,000 in the first year. We have stricken certain provisions, and have brought the cost down to about \$1,200,000,000. However, Senators should know that the cost of many items grows from year to year. The cost of helping a retired fireman does not grow. It remains constant.

The relief for paying a babysitter does not grow; that remains constant. When we consider the \$1,200,000,000 cost in the first year, and subtract it from the \$3,800,000,000 cost in the third year, we have a difference of \$2,600,000,000. I should like to know how that will benefit a sick person or a mother with a babysitter.

I agree that the benefits to corporations are for the most part justified, but they grow and grow from year to year. Let us consider the figures that are given and we see how they grow. There are things in the bill that relate to widows, things that relate to sick persons, and a few little things that extend health insurance policies. We find that their cost tends to remain constant.

The bill has many good provisions, but I do regret that we have nothing in the bill from which the average taxpayer would benefit.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER. If there are no further requests for time, the question is on the motion to recommit. The yeas and nays have been ordered, and the Secretary will call the roll.

The legislative clerk called the roll.

Mr. KNOWLAND. I announce that the Senator from Vermont [Mr. FLANDERS], the Senator from Indiana [Mr. JENNER], the junior Senator from Wisconsin [Mr. McCARTHY], the Senator from Massachusetts [Mr. SALTONSTALL], the Senator from New Jersey [Mr. SMITH], and the senior Senator from Wisconsin [Mr. WILEY] are necessarily absent. If present and voting, the Senator from Vermont [Mr. FLANDERS], the Senator from Indiana [Mr. JENNER], the Senator from Massachusetts [Mr. SALTONSTALL], and the Senator from New Jersey [Mr. SMITH] would vote "nay."

Mr. CLEMENTS. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDE], the Senator from Iowa [Mr. GILLETTE], the Senator from Missouri [Mr. HENNINGS], the Senator from Alabama [Mr. HILL], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from West Virginia [Mr. KILGORE], the Senator from Arkansas [Mr. MCCLELLAN], and the Senator from Virginia [Mr. ROBERTSON] are absent on official business.

The Senator from South Carolina [Mr. MAYBANK] is absent by leave of the Senate.

I announce further that if present and voting, the Senator from Louisiana [Mr. ELLENDER] would vote "nay."

The result was announced—yeas 15, nays 62, as follows:

YEAS—15

Anderson	Jackson	McCarran
Chavez	Lehman	Morse
Douglas	Long	Murray
Fulbright	Magnuson	Russell
Humphrey	Mansfield	Sparkman

NAYS—62

Aiken	Dworshak	Martin
Barrett	Ervin	Millikin
Beall	Ferguson	Monroney
Bennett	Frear	Mundt
Bowring	George	Nels
Bricker	Goldwater	Pastore
Bridges	Gore	Payne
Burke	Green	Potter
Bush	Hayden	Purtell
Butler	Hendrickson	Schoeppel
Byrd	Hickenlooper	Smathers
Capehart	Holland	Smith, Maine
Carlson	Ives	Stennis
Case	Johnson, Colo.	Symington
Clements	Johnson, Tex.	Thye
Cooper	Kennedy	Upton
Cordon	Knowland	Watkins
Crippa	Kuchel	Welker
Daniel	Langer	Williams
Dirksen	Lennon	Young
Duff	Malone	

NOT VOTING—18

Eastland	Jenner	McCarthy
Ellender	Johnston, S. C.	McClellan
Flanders	Kefauver	Robertson
Gillette	Kerr	Saltonstall
Hennings	Kilgore	Smith, N. J.
Hill	Maybank	Wiley

So Mr. DOUGLAS' motion to recommit was rejected.

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

Mr. MILLIKIN. Mr. President, I send to the desk and ask to have considered amendments correcting clerical and drafting errors. There is no question of substance involved. I ask unanimous consent that they may be printed in the RECORD and considered.

The PRESIDING OFFICER. Without objection, the amendments offered by the Senator from Colorado will be considered en bloc and printed in the RECORD.

The amendments offered by Mr. MILLIKIN are as follows:

On page 51 of the bill, in section 172 (d) (4) (B), strike out "(3), and (6)" and insert "and (3)."

On page 54 of the bill, in the table of sections, strike out "Child care expenses" and insert in lieu thereof "Expenses for care of certain dependents."

On page 406 of the committee amendments, strike out lines 20 and 21 and insert:

"(489) On page 720, in section 6601 (g), strike out '6015' and insert '6153 (or section 59 of the Internal Revenue Code of 1939) or section 6154.'"

On page 426, after line 11 of the committee amendments, insert:

"(D) In the case of a taxable year beginning after March 31, 1954, sections 244, 247, and 922 of this title shall apply without regard to whether such taxable year ends before, on, or after the date of enactment of this title."

On page 725 of the bill, at the end of section 6654, insert:

"(h) Applicability: This section shall apply only with respect to taxable years beginning after December 31, 1954; and section 294 (d) of the Internal Revenue Code of 1939 shall

continue in force with respect to taxable years beginning before January 1, 1955."

Strike out the sidenotes appearing in the margins of the bill.

On page 585 of the bill, in section 5318, strike out "section 5686" each place it appears and insert "sections 5001 (a) (6), (8), and (b), 5004 (b), 5005 (c), 5007 (d), 5011 (c), 5686, and 7302."

On page 643 of the bill, at the end of section 5851, insert "Whenever on trial for a violation of this section the defendant is shown to have or to have had possession of such firearm, such possession shall be deemed sufficient evidence to authorize conviction unless the defendant explains such possession to the satisfaction of the jury."

On page 63 of the bill, at the end of section 267 (d), insert: "This subsection shall not apply if the loss sustained by the transferor is not allowable to the transferor as a deduction by reason of section 1091 (relating to wash sales) or by reason of section 118 of the Internal Revenue Code of 1939."

On page 90, in section 318 (a) (2) (B), strike out line 12 and insert in lieu thereof "Being owned by its beneficiaries in proportion to the actuarial interest of such beneficiaries in such trust."

On page 813 of the House bill, at the end of section 7851 (a) (4), insert "Section 2450 (a) of the Internal Revenue Code of 1939 (as amended by the Excise Tax Reduction Act of 1954) applies to the period beginning on April 1, 1954, and ending on December 31, 1954."

On page 429 of the House bill, in section 4082 (c), strike out "gasoline" and insert "gasoline or of special motor fuels referred to in section 4041 (b)."

On page 703 of the House bill, in section 6416 (b) (2), strike out the period at the end of subparagraph (H) and insert a semicolon and after subparagraph (H) insert:

"(H) In the use of gasoline, used in the production of special motor fuels referred to in section 4041 (b)."

On page 813 of the House bill, at the end of section 7851 (a) (4), insert "Provisions having the same effect as section 6416 (b) (2) (H), and so much of section 4082 (c) as refers to special motor fuels, shall be considered to be included in the Internal Revenue Code of 1939 effective as of May 1, 1954."

The PRESIDING OFFICER. The question is on agreeing to the amendments offered by the Senator from Colorado [Mr. MILLIKIN].

The amendments were agreed to.

Mr. MONRONEY. Mr. President, I call up an amendment which is at the desk and which I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment offered by the Senator from Oklahoma [Mr. MONRONEY].

The LEGISLATIVE CLERK. It is proposed to strike out all after the enacting clause and insert:

That the following provisions of the Internal Revenue Code are hereby amended by striking out "1954" each place it appears therein and inserting in lieu thereof "1955":

(1) paragraphs (2) and (3) of section 13 (b);

(2) subsections (b) (2), (h) (1), and (i) of section 26;

(3) section 108 (k);

(4) paragraphs (1) and (3) of section 207 (a);

(5) paragraph (3) of section 362 (b); and

(6) paragraph (1) of section 421 (a).

Amend the title so as to read: "An act to extend the 52-percent corporate tax rate for 1 year."

Mr. KNOWLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KNOWLAND. I understand this is the same amendment which was originally offered by the Senator from Virginia [Mr. ROBERTSON].

The PRESIDING OFFICER. The Senator is correct.

Mr. KNOWLAND. May I inquire how much time is left for the proponents of the amendment?

The PRESIDING OFFICER. The Chair will advise the Senator that the proponents of the amendment have 15 minutes, and there are 55 minutes left for the opposition.

Mr. MONRONEY. Mr. President, this is a very simple amendment. It is so simple that I believe we can understand directly what we are doing if we agree to this amendment. I doubt very seriously that there is any Senator in the Chamber, except perhaps some of the specialists who have served many years on the Finance Committee, who can possibly be aware of all the implications and, perhaps, unintentional loopholes and some intentional special treatment for various special industries and special types of taxpayers.

The argument was made by the chairman of the Finance Committee against another bill in this Chamber a week ago that we dare not extend the Reciprocal Trade Agreements Act for 3 more years or dare not lower by 5 percent our tariff walls. The argument was made that we had not had sufficient time to understand the implications of that bill, a bill with which we have had some 15 years' experience. I believe the argument which was made at that time against reciprocal trade agreements could be better made against this bill, which, in printed form, looks like the New York City telephone directory and contains almost as many numbers. Therefore, Mr. President, in the interest of trying to put the issues simply before the people, I believe this bill does absolutely nothing in the way of revising the Internal Revenue Code as we know it except to extend the 52 percent high level corporate tax rate for another year. All the special gimmicks, all the life insurance, all the amortization, all the things we have debated on the floor for 3 days are not included in this bill. There is no question of giving to the income-tax payer, the head of a household, \$100 additional exemption or \$20 or \$25 additional exemption. The reason why there is no such a provision in this bill, Mr. President, is, as has been said, that it is fundamentally bad policy to borrow money to make tax cuts. Yet no Senator in this Chamber can say we are not going to give away in the neighborhood of from \$1 billion to \$1,700,000,000 the first year and increase the loss of Federal revenue in succeeding years. No one can say what this give-away of Uncle Sam's revenue will cost if we pass this bill.

It has been said, Mr. President, that we have cut taxes by \$8 billion. The Government is \$3,300,000,000 in the red this year, and, if I am not badly mistaken it will be \$5 billion in the red at the end of the next fiscal year if we pass this bill to give special tax reductions to those

who, I feel, at this dark point in history, need it the very least.

Therefore, Mr. President, I believe we should take heed of those who have said we should have a sound fiscal policy. We heard it ringing from every Republican platform for nearly 20 years, and yet the administration has had to reverse that sound fiscal policy and has led us into more and more tax cuts under the assumption that we were saving money in appropriations.

I have had the Library of Congress check the figures, and I find that the only year in which the expenditures of the Government—and that is what we have to provide for by taxes—have been higher than they are today, or higher than they will be this coming year, was the peak year of the Korean war. Yet, Mr. President, we go merrily on cutting taxes; we go merrily on raising the debt limit by \$15 billion.

Surely, I know there are some gimmicks in the bill which may look good to working mothers. I know there are gimmicks in the bill which will give a small bit of tax relief for medical expense. I know there are other vote-appealing items in the bill which are intended to appeal to a small number of people who may get a meager degree of tax relief. But I think we are dropping a dime in the tin cup of this group of people. I believe we are trying to deodorize a tax bill which I feel gives a preponderant amount of relief to those who need it least. We are placing emphasis on tax relief for the means of production, rather than on the means of consumption.

So in the interest of sound fiscal policy, in the interest of recognizing the dire dangers which lie ahead, as we see vast areas of the globe falling behind the Iron Curtain of communism, as we hear the Committee on Appropriations saying that three combat-ready divisions must be eliminated from our armed services because we are so poor, I do not think the bill should pass. If we are that poor, then I do not think we are rich enough to make such a tax cut as this bill provides.

So, Mr. President, I think this is the simplest amendment which has been before this great body. I think it is one which all can understand. We can argue among ourselves until we are black in the face, but when we get home, and are by ourselves, we will realize that the fiscal stability of the United States of America is the best safeguard we have for our prosperity, yes, for our continued existence in this troubled world.

This is a poor time in which to pass a tax bill of some 900 pages. It is a poor time to have to rush down the line with a revision of the tax laws.

The American Bar Association, which I deeply respect, has suggested that it would be far better to allow the bill to lie over until the next session of Congress, so that the spotlight of careful examination could be placed on every page and every paragraph, and so that we could have the advice of everyone as to exactly what the bill does and whom it helps.

I do not think anyone will be severely penalized or inconvenienced by carrying the present normal load of taxation.

Difficult and hard to pay though it is, we realize the crisis we face, the demands of national defense at home, and the defense we have to maintain in an unstable world, to protect the economy of the Nation, the Government's fiscal position, and the soundness of the United States of America.

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

Mr. MONRONEY. I yield.

Mr. GORE. I wish to compliment the Senator from Oklahoma for offering his amendment. I have just voted with the distinguished Senator against the motion to recommit the bill with instructions to the committee to report a bill providing additional tax reductions. As I understand the amendment offered by the Senator from Oklahoma, it will continue the present tax law and the corporate rates at the levels obtaining when they last expired.

Mr. MONRONEY. That is correct.

Mr. GORE. I do not wish the vote I shall cast in favor of the Senator's amendment to be interpreted as being any reflection whatsoever upon the Senate Committee on Finance. I wish to compliment that committee upon the diligent job it has done. However, the Senator has referred to the recommendation of the American Bar Association. In the context of that recommendation, the House bill, which was praised so loudly as it proceeded through that body as being a grand job of tax rewriting, came to the Senate committee, and the Senate committee found it necessary to report amendments comprising 421 pages. I submit to the junior Senator from Oklahoma that more time is needed to consider the amendments.

So many flaws have been discovered in the bill as it came to the Senate that this constitutes evidence that additional time is necessary.

Let me read briefly to the Senator from the statement of J. S. Seidman, general chairman of the committee on Federal taxation of the American Institute of Accountants, who said:

The American Institute of Accountants is the national organization of certified public accountants, with a membership of over 23,000. The institute appreciates your willingness to hear it.

Our own tax committee, composed of over 30 CPA's from all over the country, and whose life's work is taxes, has been engaged in intensive study of H. R. 8300 since the bill was released a month ago. But we can hardly lay claim to understanding all its provisions, no less mastering them. That is particularly true of the area from which business draws so much of its daily life blood—corporate and partnership organizations, distributions, liquidations, and reorganizations.

Thus the organization of public accountants recommends postponement. So does the tax committee of the association of the bar of the city of New York.

What is the haste? What compelling need is there to change the present internal revenue statute? Surely, with the debate which has been held in the House and the debate which has been held in the Senate, we can reconsider next year the problem of tax revision with much more light and learning.

There is nothing urgent about the passage of the bill. The amendment of the Senator from Oklahoma is simple. It will add to understanding throughout the country, but the passage of the pending bill will add greatly to uncertainty and misunderstanding. In fact, one tax lawyer told me this morning that the bill would be a bonanza for tax lawyers. That may or may not be so. I hope it will not be so if the bill becomes law.

I do not wish my vote to be interpreted as being any reflection upon the patriotism, the diligence, and the good intentions of the Senate Committee on Finance. They have done perhaps as good a job as they could do under the circumstances, but I maintain that the bill has not had sufficient study. I say unqualifiedly—at least, I say without expectation of successful contradiction—that no Member of the Senate fully understands one-half of the provisions of the bill. Therefore, I join the Senator in support of his amendment.

Mr. MONRONEY. I thank the distinguished Senator from Tennessee. I share with him admiration and deep respect for all members of the Committee on Finance. However, I believe the importance of correctly understanding, carefully studying, and writing into law proper provisions of taxation is such that the country will not be damaged by a delay of several months, until the bill can be better understood.

Uncle Sam certainly will be helped to the extent of dollars by the postponement of tax reductions at this critical time.

Since our action on the bill will indicate whether we are in favor of cutting taxes, and borrowing money to make up for the tax cut, or whether we are to pass the only section of the bill which provides for the continuation of an expiring tax, I hope all Members of the Senate will agree to my request for the yeas and nays.

Mr. President, on my amendment I ask for the yeas and nays.

The yeas and nays were not ordered.

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

The PRESIDING OFFICER. The chairman of the committee has time remaining, and the Senator from Oklahoma has 3 minutes remaining.

Mr. MILLIKIN. The arguments which have been made in behalf of the amendment are, in one form or another, a repetition of the arguments which were made on the last question on which the Senate voted. The Senate voted, 62 to 13, to reject the motion to recommit. The same arguments were made on the motion as have been made in connection with the amendment of the Senator from Oklahoma. I simply wish to give one illustration to show that the arguments are perhaps not sound. Reference was made to the American Bar Association. I have before me a statement made by Thomas N. Tarleau, chairman of the section of taxation, American Bar Association, in which Mr. Tarleau says, in the last paragraph:

Perhaps no more far-reaching or beneficial revision of this major area of tax law could

have been expected of any one tax bill than is accomplished by the Senate version of subchapter (c).

Subchapter (c) was the subchapter toward which the most objections were raised by the Bar Association witnesses. The committee heard the witnesses painstakingly, and we have made numerous corrections in order to adjust ourselves to their views.

I continue to read from Mr. Tarleau's statement:

For that reason, and in view of the intense and invaluable work which has been done on subchapter (c) by the Senate Finance Committee members, Treasury and congressional experts, and the representatives of professional groups who have conferred with them, it is hoped that subchapter (c) will shortly be enacted in substantially its present form.

SEVERAL SENATORS. Vote! Vote!

The PRESIDING OFFICER (Mr. BENNETT in the chair). The question is on agreeing to the amendment of the Senator from Oklahoma [Mr. MONRONEY].

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

The PRESIDING OFFICER. Does the Senator from Oklahoma yield back the remainder of his time?

Mr. MONRONEY. I yield back the remainder of my time.

The PRESIDING OFFICER. Does the Senator from Colorado yield back the time remaining to him?

Mr. MILLIKIN. Yes, I do.

The PRESIDING OFFICER. The Secretary will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MONRONEY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendment offered by the Senator from Oklahoma [Mr. MONRONEY], which will be stated.

The CHIEF CLERK. It is proposed to strike out all after the enacting clause and insert:

That the following provisions of the Internal Revenue Code are hereby amended by striking out "1954" each place it appears therein and inserting in lieu thereof "1955":
 (1) paragraphs (2) and (3) of section 13 (b);
 (2) subsections (b) (2), (h) (1), and (i) of section 26;
 (3) section 108 (k);
 (4) paragraphs (1) and (3) of section 207 (a);
 (5) paragraph (3) of section 362 (b); and
 (6) paragraph (1) of section 421 (a).

Mr. MONRONEY. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk called the roll.

Mr. KNOWLAND. I announce that the Senator from Vermont [Mr. FLANDERS], the Senator from Indiana [Mr. JENNER], the junior Senator from Wisconsin [Mr. McCARTHY], the Senator from Massachusetts [Mr. SALTONSTALL], the Senator from New Jersey [Mr. SMITH], and the senior Senator from Wisconsin [Mr. WILEY] are necessarily absent.

If present and voting, the Senator from Vermont [Mr. FLANDERS], the Senator from Indiana [Mr. JENNER], and the Senator from New Jersey [Mr. SMITH] would each vote "nay."

On this vote the Senator from Massachusetts [Mr. SALTONSTALL] is paired with the Senator from Virginia [Mr. ROBERTSON]. If present and voting the Senator from Massachusetts [Mr. SALTONSTALL] would vote "nay" and the Senator from Virginia [Mr. ROBERTSON] would vote "yea."

Mr. CLEMENTS. I announce that the Senators from Virginia [Mr. BYRD and Mr. ROBERTSON], the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from Iowa [Mr. GILLETTE], the Senator from Rhode Island [Mr. GREEN], the Senator from Missouri [Mr. HENNINGS], the Senator from Alabama [Mr. HILL], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from West Virginia [Mr. KILGORE], the Senator from New York [Mr. LEHMAN], the Senator from North Carolina [Mr. LENNON], and the Senator from Arkansas [Mr. McCLELLAN] are absent on official business.

The Senator from South Carolina [Mr. MAYBANK] is absent by leave of the Senate.

I announce further that the Senator from Louisiana [Mr. ELLENDER] is paired on this vote with the Senator from South Carolina [Mr. MAYBANK]. If present and voting, the Senator from Louisiana would vote "nay," and the Senator from South Carolina would vote "yea."

The Senator from Virginia [Mr. ROBERTSON] is paired on this vote with the Senator from Massachusetts [Mr. SALTONSTALL]. If present and voting, the Senator from Virginia would vote "yea," and the Senator from Massachusetts would vote "nay."

I also announce that, if present and voting, the Senator from Virginia [Mr. BYRD] and the Senator from Missouri [Mr. HENNINGS] would vote "yea."

The result was announced—yeas 15, nays 58, as follows:

YEAS—15

Chavez	Magnuson	Murray
Fulbright	Mansfield	Russell
Gore	McCarran	Sparkman
Jackson	Monroney	Stennis
Johnson, Colo.	Morse	Williams

NAYS—58

Aiken	Douglas	Malone
Anderson	Duff	Martin
Barrett	Dworshak	Millikin
Beall	Ervin	Mundt
Bennett	Ferguson	Neely
Bowring	Frear	Pastore
Bricker	George	Payne
Bridges	Goldwater	Potter
Burke	Hayden	Purtell
Bush	Hendrickson	Schoeppel
Butler	Hickenlooper	Smathers
Capehart	Holland	Smith, Maine
Carlson	Humphrey	Symington
Case	Ives	Thye
Clements	Johnson, Tex.	Upton
Cooper	Kennedy	Watkins
Cordon	Knowland	Welker
Crippa	Kuchel	Young
Daniel	Langer	
Dirksen	Long	

NOT VOTING—22

Byrd	Gillette	Jenner
Eastland	Green	Johnston, S. C.
Ellender	Hennings	Kefauver
Flanders	Hill	Kerr

Kilgore	McCarthy	Smith, N. J.
Lehman	McClellan	Wiley
Lennon	Robertson	
Maybank	Saltonstall	

So Mr. MONRONEY's amendment was rejected.

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

If there be no further amendment to be proposed, 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 was read the third time.

Mr. JOHNSON of Texas. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Texas will state it.

Mr. JOHNSON of Texas. According to my understanding, the unanimous-consent agreement provides that debate upon the bill shall be limited to not exceeding four hours, to be divided equally and controlled, respectively, by the chairman of the committee and the minority leader. Is that correct?

The PRESIDING OFFICER. That is correct.

Mr. JOHNSON of Texas. Mr. President, I am prepared to yield back the remainder of the two hours under the control of the minority leader, if it is agreeable to the chairman of the committee likewise to yield back the time remaining to his side, so that the vote on final passage may be taken at this time.

Mr. MILLIKIN. That is agreeable to me, Mr. President; I yield back the remainder of the time under my control.

The PRESIDING OFFICER. All remaining time having been yielded back, the question now is, Shall the bill pass?

Mr. JOHNSON of Texas. On this question, I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FULBRIGHT (when his name was called). On this vote, I have a pair with the senior Senator from Rhode Island [Mr. GREEN]. If the senior Senator from Rhode Island were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

Mr. SPARKMAN (when his name was called). On this vote, I have a pair with the junior Senator from Virginia [Mr. ROBERTSON]. If the junior Senator from Virginia were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." I withhold my vote.

Mr. KNOWLAND. I announce that the Senator from Vermont [Mr. FLANDERS], the Senator from Indiana [Mr. JENNER], the junior Senator from Wis-

consin [Mr. McCARTHY], the Senator from Massachusetts [Mr. SALTONSTALL], the Senator from New Jersey [Mr. SMITH], and the senior Senator from Wisconsin [Mr. WILEY] are necessarily absent.

If present and voting, the Senator from Vermont [Mr. FLANDERS], the Senator from Indiana [Mr. JENNER], the junior Senator from Wisconsin [Mr. McCARTHY], the Senator from Massachusetts [Mr. SALTONSTALL], the Senator from New Jersey [Mr. SMITH] and the senior Senator from Wisconsin [Mr. WILEY] would each vote "yea."

Mr. CLEMENTS. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Louisiana [Mr. ELLENDER], the Senator from Iowa [Mr. GILLETTE], the Senator from Rhode Island [Mr. GREEN], the Senator from Missouri [Mr. HENNINGS], the Senator from Alabama [Mr. HILL], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Oklahoma [Mr. KERR], the Senator from West Virginia [Mr. KILGORE], the Senator from New York [Mr. LEHMAN], the Senator from North Carolina [Mr. LENNON], the Senator from Arkansas [Mr. McCLELLAN], and the Senator from Virginia [Mr. ROBERTSON] are absent on official business.

The Senator from South Carolina [Mr. MAYBANK] is absent by leave of the Senate.

I announce further that the Senator from Mississippi [Mr. EASTLAND] is paired on this vote with the Senator from Oklahoma [Mr. KERR]. If present and voting, the Senator from Mississippi would vote "yea," and the Senator from Oklahoma would vote "nay."

The Senator from Louisiana [Mr. ELLENDER] is paired on this vote with the Senator from Iowa [Mr. GILLETTE]. If present and voting, the Senator from Louisiana would vote "yea," and the Senator from Iowa would vote "nay."

I also announce that if present and voting, the Senator from Missouri [Mr. HENNINGS], the Senator from South Carolina [Mr. JOHNSTON], the Senator from Tennessee [Mr. KEFAUVER], and the Senator from North Carolina [Mr. LENNON] would vote "yea."

The result was announced—yeas 63, nays 9, as follows:

YEAS—63

Aiken	Dirksen	Malone
Anderson	Douglas	Martin
Barrett	Duff	Millikin
Beall	Dworshak	Mundt
Bennett	Ervin	Murray
Bowring	Ferguson	Neely
Bricker	Frear	Pastore
Bridges	George	Payne
Burke	Goldwater	Potter
Bush	Hayden	Purtell
Butler	Hendrickson	Schoeppel
Byrd	Hickenlooper	Smathers
Capehart	Holland	Smith, Maine
Carlson	Humphrey	Stennis
Case	Ives	Symington
Chavez	Johnson, Colo.	Thye
Clements	Johnson, Tex.	Upton
Cooper	Knowland	Watkins
Cordon	Kuchel	Welker
Crippa	Langer	Williams
Daniel	Long	Young

NAYS—9

Gore	Magnuson	Monroney
Jackson	Mansfield	Morse
Kilgore	McCarran	Russell

NOT VOTING—23

Eastland	Jenner	McCarthy
Ellender	Johnston, S. C.	McClellan
Flanders	Kefauver	Robertson
Fulbright	Kennedy	Saltonstall
Gillette	Kerr	Smith, N. J.
Green	Lehman	Sparkman
Hennings	Lennon	Wiley
Hill	Maybank	

So the bill (H. R. 8300) was passed.

Mr. MILLIKIN. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. KNOWLAND. I move to lay the motion of the Senator from Colorado on the table.

The PRESIDING OFFICER. The question is on the motion of the Senator from California to lay on the table the motion of the Senator from Colorado to reconsider the vote by which the bill was passed.

The motion to reconsider was laid on the table.

On motion of Mr. MILLIKIN, and by unanimous consent, it was

Ordered, (1) That the engrossed amendments of the Senate to the bill (H. R. 8300) be printed.

(2) That in the engrossment of the amendments of the Senate to the bill, the Secretary of the Senate is authorized to make all necessary technical and clerical changes, including changes in section, subsection, paragraph, etc., numbers and letters and cross-references thereto.

Mr. MILLIKIN. Mr. President, I move that the Senate insist on its amendments, request a conference with the House of Representatives thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. MILLIKIN, Mr. MARTIN, Mr. WILLIAMS, Mr. GEORGE, and Mr. BYRD conferees on the part of the Senate.

RETURN OF FISHING VESSELS

Mr. KNOWLAND. Mr. President, I desire to have Senate Joint Resolution 67, Calendar No. 1660, made the unfinished business.

The PRESIDING OFFICER. The joint resolution will be stated by title for the information of the Senate.

The CHIEF CLERK. A joint resolution (S. J. Res. 67) to repeal certain World War II laws relating to the return of fishing vessels, and for other purposes.

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

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. KNOWLAND. As I previously announced, it is not intended to proceed with debate on the joint resolution this afternoon.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its clerks, communicated to the Senate the resolutions of the House adopted as a tribute to the memory of Hon. Hugh A. Butler, late a Senator from the State of Nebraska.

The message announced that the House had agreed to the amendment of

the Senate to the bill (H. R. 3191) conferring jurisdiction on the United States District Court for the Northern District of California to hear, determine, and render judgment upon certain claims of the State of California.

The message also announced that the House had agreed to the amendments of the Senate to the bill (H. R. 7371) to provide for the disposal of paid postal-savings certificates.

ENROLLED BILL AND JOINT RESOLUTION SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bill and joint resolution, and they were signed by the President pro tempore:

H. R. 9315. An act to provide for an extension on a reciprocal basis of the period of the free entry of Philippine articles in the United States; and

H. J. Res. 552. Joint resolution making temporary appropriations for the fiscal year 1955, and for other purposes.

LEGISLATIVE PROGRAM

Mr. KNOWLAND. Mr. President, a number of Senators have asked me about the legislative program.

First of all, there will be no further voting or consideration of bills this afternoon. After the speeches and insertions in the RECORD have been made and the Executive Calendar has been called for the consideration of nominations of postmasters under the heading "New Reports," which nominations were held over awaiting temporary clearance from the minority leader, which has now been granted, I expect to move that the Senate take a recess until Tuesday next at 12 o'clock noon.

There are a number of bills with respect to which previous notice has been given, and two bills with respect to which I should like to give notice that we expect to take them up next week.

As I have previously announced, on Tuesday next we expect to have a call of the calendar for the consideration of measures to which there is no objection, beginning at the point where the previous call of the calendar was concluded. I had previously given notice to the two calendar committees, and I hope they will take due notice.

When we conclude the call of the calendar, we expect to take up, not necessarily in this order, several measures on the calendar which I shall list: Calendar No. 1660, Senate Joint Resolution 67, which is now the unfinished business; Calendar No. 1659, Senate Joint Resolution 161; Calendar No. 1658, House bill 8538; Calendar No. 1657, Senate bill 1763; Calendar No. 1656, Senate bill 3546; Calendar No. 1655, Senate bill 3466; Calendar No. 1636, Senate bill 3589; Calendar No. 1632, House bill 9232; Calendar No. 1626, Senate bill 3268; Calendar No. 1622, Senate bill 2381; Calendar No. 1621, Senate bill 2380; and Calendar No. 644, House bill 6287.

Notice with respect to all those bills has previously been given.

I should like to add to the list Calendar No. 1549, Senate bill, 3243; and Calendar No. 1654; House bill, 9340.

At the request of a number of Senators who did not find it convenient to have the bills taken up on Tuesday, I wish to call specific attention to two additional bills which we expect to take up from Wednesday on, depending upon the progress we make on the bills which I have previously mentioned. One of those is Calendar No. 1639, Senate bill 2759, a bill to amend the Vocational Rehabilitation Act so as to promote and assist in the extension and improvement of vocational-rehabilitation services, and for other purposes. The other is Calendar No. 1634, House bill 5173, a bill to provide that the excess of collections from the Federal unemployment tax over unemployment compensation administrative expenses shall be used to establish and maintain a \$200 million reserve in the Federal unemployment account.

Those two bills will not be taken up prior to Wednesday, in conformity with the understanding I have previously had with a number of Senators.

Before yielding the floor, let me say that the Senate will be kept in session for any speeches or insertions in the RECORD. First I wish to proceed to the consideration of the Executive Calendar, for the consideration of nominations of postmasters under the heading of "New Reports."

The PRESIDING OFFICER. Does the Senator from California move an executive session?

EXECUTIVE SESSION

Mr. KNOWLAND. I move that the Senate proceed to the consideration of executive business, for the consideration of nominations of postmasters under the heading "New Reports."

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

POSTMASTERS—NEW REPORTS

The PRESIDING OFFICER. The postmaster nominations under the heading "New Reports" will be stated.

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. KNOWLAND. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

Mr. KNOWLAND. I ask that the President be immediately notified of the confirmation of these nominations.

The PRESIDING OFFICER. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. KNOWLAND. I move that the Senate resume the consideration of legislative business.

The motion was agreed to; and the Senate resumed the consideration of legislative business.

Mr. KNOWLAND. Mr. President, I yield to the Senator from Iowa.

Mr. HICKENLOOPER. Mr. President, I should like to ask the Senator from

California whether he can at this time give any information to the Senate as to when he expects the Senate to reach consideration of Calendar No. 1710, S. 3690, which is the atomic energy bill.

Mr. KNOWLAND. I will say to the distinguished Senator from Iowa that I did not include that bill in the bills I have listed. It is a new bill, which will be considered after the call of the calendar has been had on Tuesday. There will be a meeting of the policy committee on Tuesday or Wednesday, and I expect at that time to take up the bill with the committee. I shall be happy to have that bill considered sometime during next week.

Mr. HICKENLOOPER. I am not insisting that the majority leader make his announcement at this time. I merely wished to be certain that he understood that the bill is on the calendar.

Mr. KNOWLAND. Yes. I know the importance of it and I know the interest which the Senator from Iowa has in it. It is one of the bills which will have priority consideration, and I hope to be able to make a definite announcement with respect to it by Wednesday.

SUSPENSION OF DEPORTATION OF CERTAIN ALIENS

Mr. WATKINS. Mr. President, I ask unanimous consent that the Chair lay before the Senate the House amendments to Senate Concurrent Resolution 75, which records congressional approval for suspension of deportation of certain cases which were referred by the Attorney General, and that the Senate proceed to consider the House amendments.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the concurrent resolution (S. Con. Res. 75) favoring the suspension of deportation of certain aliens, which were, on page 16, strike out lines 18 and 19 inclusive; on page 35, strike out line 22; on page 41, line 11, strike out "Tin-Yang" and insert "Ting-Yang", and on page 41, after line 12, insert:

A-9948032, Palombella, Onofrio.
V-28612, Vergos, Diamatis or Diamond.

Mr. WATKINS. Mr. President, under date of April 19, the Senate adopted Senate Concurrent Resolution 75. Thereafter, on June 15, the House of Representatives amended Senate Concurrent Resolution 75 by adding the names of two aliens, deleting the names of two aliens, and changing the spelling of a certain alien's name.

These cases have been examined and have been found to comply with all our standards and, accordingly, I move that the Senate concur in the House amendments to Senate Concurrent Resolution 75.

Mr. JOHNSON of Texas. Mr. President, I know nothing about this matter. It may be perfectly all right, but it is a rather dangerous practice to proceed in this manner. The majority leader tells me he has discussed the matter with the distinguished Senator from Utah. However, I should like to have the Senator from Utah state what he proposes to do, since I have not been

shown the courtesy of being informed that this matter would be taken up.

Mr. WATKINS. There was no intention to be discourteous to the minority leader. It is purely a routine matter.

Mr. JOHNSON of Texas. It appears to be routine, but I should like to know even about routine matters that are taken up in the Senate. I should like to have the Senator from Utah give an explanation of what he is asking for.

Mr. WATKINS. Mr. President, under date of April 19, the Senate adopted Senate Concurrent Resolution 75. Thereafter, on June 15, the House of Representatives amended Senate Concurrent Resolution 75 by adding the names of two aliens, deleting the names of two aliens, and changing the spelling of a certain alien's name.

These cases have been examined and have been found to comply with all our standards and, accordingly, I move that the Senate concur in the House amendments to Senate Concurrent Resolution 75.

Mr. JOHNSON of Texas. Is this procedure agreeable to the other members of the committee? Are they familiar with the action taken by the House?

Mr. WATKINS. There are nine members of the committee, and I have not talked with any of the members.

Mr. JOHNSON of Texas. Has the Senator discussed this matter with any of the minority members of the committee?

Mr. WATKINS. I have not.

Mr. JOHNSON of Texas. In that case, Mr. President, I ask that the matter go over until later.

The PRESIDING OFFICER. Does the Senator from Utah withdraw his motion?

Mr. WATKINS. I made a unanimous-consent request, which has been denied.

The PRESIDING OFFICER. The Senator moved that the Senate concur in the amendments of the House.

Mr. WATKINS. I did. I asked unanimous consent to take up the consideration of the matter, and that was denied. I assumed, therefore, that my motion was out of order. However, I withdraw the motion.

Mr. KNOWLAND. I believe that under the circumstances we can hold this matter over until Tuesday. It would expedite the disposition of these matters if both the minority leader and the majority leader could be given some advance notice of them. In that way their consideration would be expedited in the Senate. I realize that this is more or less a routine matter, but nevertheless it would expedite the proceedings if we could get a little advance notice.

Mr. WATKINS. I shall be glad to comply.

NOTICE OF HEARINGS ON S. 3660 AND S. 3661, RELATING TO EMPLOYMENT OF ALIENS WHO ARE ILLEGALLY IN THE UNITED STATES

Mr. WATKINS. Mr. President, as chairman of the Subcommittee on Immigration and Naturalization of the Committee on the Judiciary, I announce

that public hearings will be held on S. 3660, to make the employment and related practices, of any alien known by an employer to have entered the United States illegally within 3 years thereof unlawful, and for other purposes, and on S. 3661, to provide for the seizure and forfeiture of any vessel or vehicle used in the transportation of any alien known by the owner thereof to have entered the United States illegally within 3 years thereof, and for other purposes, beginning on Monday, July 12, 1954, at 2 p. m., in room 457, Senate Office Building. All persons desiring to testify on either of these two bills are urged to communicate as soon as possible with Mr. Richard Arens, staff director of the subcommittee, who is preparing the schedule of witnesses. The address of the subcommittee is room 449B, Senate Office Building. The telephone number is National 8-3120, extension 1618.

ELECTRIC POWER SUPPLY FOR THE TENNESSEE VALLEY AUTHORITY

Mr. STENNIS. Mr. President, I am deeply concerned that the administration has directed the Atomic Energy Commission to negotiate a contract for supplying electric power to the Tennessee Valley Authority.

First, I protest because it places the Atomic Energy Commission out of character and puts it in the middle of the public power-private power controversy. With the frightful possibilities facing us in world affairs, and especially in view of the fact that the world unfortunately is in an atomic armed race, the Atomic Energy Commission, of all agencies, should be kept on the independent and impartial plane it has enjoyed since its creation, and not become entangled in domestic questions where there is always great conflict of interest and difference of opinion.

The Atomic Energy Commission must have the solid support of the Nation and of the Congress if it is to successfully serve its purposes. To the credit of the present membership of the Commission, they seem to realize this and also seem to realize that this power contract is not essential to the purposes and the mission of the Commission, and is also beyond their mission, and is unsound. I understand Commissioners Murray, Zuckert, and Smyth oppose the contract plan, while Commissioners Strauss and Campbell favor it only if directed by the President.

I am speaking now from information gained not directly from its source, but from reliable and authentic press reports.

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

Mr. STENNIS. I am glad to yield.

Mr. HICKENLOOPER. I should like to correct the RECORD at this point by saying that Commissioners Zuckert, Smyth, and Murray, stated at the hearings which the joint committee held that they would go along with this contract if it is desired by the administration. Therefore, they are not objecting. I do not know what their prior attitudes may have been, but they put in writing

a statement which, in effect, is what I have indicated.

Mr. STENNIS. I am glad to have yielded to the Senator from Iowa on that point. However I repeat, according to authentic news reports, these gentlemen were not in sympathy with the plan, which conforms to what the Senator from Iowa has just stated, but they are willing to go along with it. I understand that Commissioners Strauss and Campbell favor it only if directed by the President.

Thus it seemed that the entire membership of the Commission realized that which everyone else realizes, namely, that the Commission is being used as a means to carry on a power flight. They are abandoning their role as protectors of the Nation in atomic-energy matters, and are playing the role of domestic policymakers on unrelated matter.

I point out as an illustration of that, Mr. President, the Oppenheimer report. There is nothing more vital or of more concern to the Nation. In that case there was a split opinion by a group who considered it and a split opinion by the Commission itself. They have jumped from such a vital and fundamental matter as that right into the middle of the public power and private power controversy. I think it clearly illustrates the point that they are out of character when they embark upon such negotiation.

Thus, the Atomic Energy Commission is no longer an independent agency, nor a noncontroversial agency. The Commission has, in effect, gone out to purchase electricity, not for itself, but for other governmental agencies. Entirely apart from the question of the effect it will have on TVA, I protest such a mission for the Atomic Energy Commission.

Further, I protest the negotiation of this contract because as I understand, the General Accounting Office has said in effect that there is no legal authority on the part of the Atomic Energy Commission to negotiate the contract. In my opinion, even though I have not had a chance to fully study the question, there was clearly no authority to direct the Atomic Energy Commission to negotiate for such a power contract. Therefore, this indirect method was resorted to even though it cast the Atomic Energy Commission out of character and was, I believe, beyond the legal authority of the Commission. Certainly, someone has given the administration incomplete information and poor advice.

In that connection, Mr. President, I understand that a subcommittee of the Senate Judiciary Committee is urging the Atomic Energy Commission not to proceed further in negotiation of this contract until the subcommittee of the Judiciary Committee has had an opportunity to hear testimony, develop the facts, reach some kind of a conclusion and make a recommendation to the Senate.

Mr. President, in order to carry out the purposes of this move through the Atomic Energy Commission, I believe that legislation would be necessary. It is a change of policy. During this session we have considered bills here involv-

ing policy changes in the methods of building post offices and other Federal buildings. Admittedly, the sponsors of these new policies agreed that legislation was necessary, and asked for the enactment of laws to carry out their new policy. This legislation has passed both the House and Senate and, as I understand, an agreement thereon has been reached in conference and will doubtless become law. The bill provided for lease-purchase agreements to be negotiated by the Government for the construction of needed post offices and other Federal buildings. The capital investment was to be furnished by private enterprise and under a lease-purchase agreement, title would eventually vest in the Government. Almost the same thing has happened regarding a new policy of building tankers for our maritime services. Such a bill has passed the Senate and is now in the House.

To seek legislation for the construction of the buildings and ships was the only orderly and sound procedure. To seek the same result by resorting to a negotiated contract through the Atomic Energy Commission is an indirect, unsound method, and I do not believe that it is authorized under our present statutes.

Insofar as this step may be a part of a pattern to eventually liquidate the Tennessee Valley Authority, I oppose it vigorously. TVA is not merely a sectional institution. Although it supplies electricity to a considerable area of my State, including 14 separate municipalities, and a number of cooperatives that serve all of the electricity for 24 counties and a part of 11 additional counties, this is not the extent of my interest. TVA is a national yardstick for electric power rates and as such has served a great purpose to the Nation as a whole, and to the private power companies. It has helped put electricity within the reach of the masses of the people and at the same time has created mass customers for the private power companies and the appliance manufacturers.

In Mississippi, in areas not served by TVA, we have two well-managed, wide-awake private power companies who are rendering a fine service to the people, with rates far more favorable than prior to the advent of TVA. The same is true in other areas of the Nation. I am fully convinced that the competition supplied by TVA in a field that would otherwise be monopolistic, has on the whole benefited everyone, and I think that this is recognized by a great number of the private power owners and operators of the Nation. It is a great mistake to attempt to liquidate or to strangle TVA, by whatever means, because the entire Nation will suffer.

We have these large segments of the Nation that are directly served by the Tennessee Valley Authority, which, incidentally, has been a fine example of sound management. These areas have no other source for electricity. These areas are experiencing a sound and long overdue growth. They should not be neglected and they should not be subjected to continued uncertainty as to the future source of their power. If means can be resorted to through the highly

doubtful legal authority of the Atomic Energy Commission to change the national policy as to TVA, then such means can be resorted to on many other subjects and thus dangerous precedents are established and much injury is done.

I urge the administration and the Atomic Energy Commission to abandon their plan to negotiate this contract. The Atomic Energy Commission can then stick to its primary obligation to the American people, which is to serve as a nonpartisan body in the field of atomic energy. I trust that other areas of the Nation will not stand by and see TVA crippled and left unable to meet its own obligations. Such a fate can and will befall other areas in due time if such a policy is pursued.

EXPRESSION OF SYMPATHY OF CONGRESS TO THE PEOPLE OF TEXAS AND MEXICO WHO HAVE BEEN STRICKEN BY THE RIO GRANDE FLOOD — HOUSE CONCURRENT RESOLUTION 249

The PRESIDING OFFICER laid before the Senate, House Concurrent Resolution 249, which was read, as follows:

Resolved, etc., That the Congress of the United States hereby expresses deep sympathy for the tragic plight of the people of Texas and of Mexico who have been stricken by floods along the Rio Grande and desires that the United States offer any aid that is possible for the emergency relief and rehabilitation from this disaster of our fellow citizens in Texas and of our friends and our neighbors of the Republic of Mexico.

Mr. JOHNSON of Texas. Mr. President, I ask unanimous consent for the present consideration of House Concurrent Resolution 249.

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

Mr. KNOWLAND. Mr. President, reserving the right to object—and I shall not object—I should like to ask if this is similar to the resolution which was offered by the distinguished Senator from Texas relative to the serious flood situation in Texas and in Mexico which we passed by unanimous vote in the Senate the other day?

Mr. JOHNSON of Texas. I will say to the distinguished majority leader that on yesterday I made a brief statement and presented the resolution to the Senate with his knowledge and consent. It was acted upon immediately and unanimously. Subsequently, the minority leader called the Representative from Texas who represents the area involved and informed him of the generous action of the Senate and suggested that action be taken by the House. I forwarded to him a copy of the resolution which the Senate had adopted. The Parliamentarian informed me this morning that the House had not adopted the resolution which had been acted upon by the Senate, but, instead, had adopted a House concurrent resolution. That is, I would say, not unusual. I hope it may become unusual. I think if the House acts on a bill first and sends it to the Senate, because of the comity which exists between the two bodies, we should

consider the House bill and pass it. I think the same is true when the Senate acts first. I have no particular pride as to whether it is a House concurrent resolution or a Senate concurrent resolution, although I do not think that historically the record of the proceedings will be accurate, because the House record shows that the resolution was introduced there and that the Senate concurred in the action taken, whereas, as a matter of fact, the action was initiated in the Senate.

The Senate was very generous to me yesterday. The majority leader and all the other Members of the Senate cooperated most heartily. I am very proud of them and grateful to them, Mr. President, and I now ask for action on the House concurrent resolution.

Mr. KNOWLAND. Mr. President, reserving the right to object—and I shall not object—I understand the House is now in recess or in adjournment, but I wish fully to concur in the remarks of the minority leader and to say that in the comity between the two Houses it seems to me that when the Senate has acted first, as a matter of equity between the two Houses, a resolution or bill should be acted on by the other House, or vice versa. We shall certainly attempt to carry out our fair share of that comity.

I wish to say that in this particular case I know of the initiative of the Senator from Texas, the distinguished minority leader, and of the work he did in getting this resolution up, arranging to lay aside important legislation, and to having it agreed to. He is showing his usual and generous temperament by saying that he has no pride of authorship, that what he is interested in is bringing relief to the distressed people of Texas and Mexico. I think he is to be commended for his attitude in this matter, and I shall not object to the House concurrent resolution being considered.

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

There being no objection, the resolution (H. Con. Res. 249) was considered and agreed to.

Mr. JOHNSON of Texas. Mr. President, in view of the fact that the Senate has acted unanimously, that should be sufficient notice to every executive department of the strong interest of the Senate of the United States in bringing every possible kind of relief to the stricken area as quickly as it can be done.

ORDER FOR RECESS TO TUESDAY

Mr. KNOWLAND. Mr. President, I ask unanimous consent that when the Senate completes its labors this evening it stand in recess until 12 o'clock noon on Tuesday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE OVERTHROW OF THE COMMUNISTIC GOVERNMENT IN GUATEMALA

Mr. HICKENLOOPER. Mr. President, last Wednesday evening, June 30, over television and radio, Secretary of State Dulles made a very clear, concise, and

vigorous statement about the situation in Guatemala, which I am certain was welcomed by all the American people. I shall ask, at the conclusion of my remarks, that his address be printed in the RECORD as a part of my remarks.

But I wish to say that whatever encouraging appearances the Guatemalan situation may have today are in great measure the result of the farsighted, vigorous, and unwavering leadership of Secretary Dulles, which culminated, especially, in the Caracas agreement of about 3 months ago, in which the unusual unity of the American States was obtained in condemnation of the invasion of international communism into any American State.

It was my good fortune to be able to attend the Caracas Conference, by leave of the Senate. I there saw the well-knit unity which the Secretary of State was able to develop by his strong and vigorous presentation of the basic facts underlying the encroachment of international communism in this hemisphere.

The situation in Guatemala is not necessarily one of recent origin. It began some years ago with a revolution in Guatemala, when Communist agents infiltrated themselves into the revolutionary government and began to lay the groundwork for the complete capture of one of the American Republics by forces controlled by the international Communist conspiracy which has its headquarters in Moscow.

The conspiracy became very ominous and dangerous. It was the first real beachhead of communism in the Western Hemisphere. It must be said, to the everlasting credit of the Guatemalan people, that, so far as we know, they are overwhelmingly anti-Communist. But, as so often happens, when a Communist conspiracy gets a foothold in a country, it operates through a very small, hard core minority of well-trained persons in an attempt to enslave the mass of the people.

So I wish to say that the strong resistance which the Guatemalan people themselves put forth in the recent revolution, which they sponsored and led, and which has resulted in the encouraging success that is apparent today, affords an example of the attitude of a basically free people in one of the American republics, which has risen to throw out the first attached tentacles of the great octopus of international communism to have gained a foothold in the Western Hemisphere. It is very encouraging to see that this resistance has occurred. It is very encouraging, not merely because of the freedom-loving attitude of the people of Guatemala themselves; but throughout this struggle, in the last year or so, there has been evidence of an awareness on the part of the American republics themselves that there is, in fact, a great danger from international communism. So they have united with a remarkable degree of success to resist it and to throw it out.

Again, I wish to say that great credit must go, in my opinion, to the vision and the anticipation of Secretary Dulles, culminating in the declaration of Caracas which set forth that the invasion of or control by international communism

in any of the American republics threatened the peace and security of all of them. It brought them together; and that united moral strength of the American republics, that no doubt were willing to stand together in whatever action might have been necessary to throw back the Communist invaders of this hemisphere was, I believe, a tremendous impetus to the freedom-loving people within Guatemala in finally rising and purging themselves of a cancer which was threatening the freedom of their country.

Mr. President, I now ask unanimous consent to have printed at this point in the RECORD the address made last Wednesday evening, over television and radio, by Secretary of State Dulles.

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

Tonight I should like to talk with you about Guatemala. It is the scene of dramatic events. They expose the evil purpose of the Kremlin to destroy the inter-American system and they test the ability of the American states to maintain the peaceful integrity of this hemisphere.

For several years international communism has been probing here and there for nesting places in the Americas. It finally chose Guatemala as a spot which it could turn into an official base from which to breed subversion which would extend to other American republics.

This intrusion of Soviet despotism was, of course, a direct challenge to our Monroe Doctrine—the first and most fundamental of our foreign policies.

It is interesting to recall that the menace which brought that doctrine into being was itself a menace born in Russia. It was the Russian Czar Alexander and his despotic allies in Europe who, early in the last century, sought control of South America and the western part of North America. In 1823 President Monroe confronted this challenge with his declaration that the European despots could not "extend their political system to any portion of either continent without endangering our peace and happiness." "We would not," he said, "behold such interposition, in any form, with indifference."

These sentiments were shared by the other American republics and they were molded into a foreign policy of us all. For 131 years that policy has well served the peace and security of this hemisphere. It serves us well today.

In Guatemala, international communism had an initial success. It began 10 years ago when a revolution occurred in Guatemala. The revolution was not without justification. But the Communists seized on it, not as an opportunity for real reforms, but as a chance to gain political power.

Communist agitators devoted themselves to infiltrating the public and private organizations of Guatemala. They sent recruits to Russia and other Communist countries for revolutionary training and indoctrination in such institutions as the Lenin School at Moscow. Operating under the guise of reformers, they organized the workers and peasants under Communist leadership. Having gained control of what they call mass organizations, they moved on to take over the official press and radio of the Guatemalan Government. They dominated the social-security organization and ran the agrarian-reform program. Through the technique of the popular front they dictated to the Congress and the President.

The judiciary made one valiant attempt to protect its integrity and independence. But the Communists, using their control of the

legislative body, caused the supreme court to be dissolved when it refused to give approval to a Communist-contrived law. Arbenz, who until this week was President of Guatemala, was openly manipulated by the leaders of communism.

Guatemala is a small country. But its power, standing alone, is not a measure of the threat. The master plan of international communism is to gain a solid political base in this hemisphere, a base that can be used to extend Communist penetration to the other peoples of the other American Governments. It was not the power of the Arbenz government that concerned us, but the power behind it.

If world communism captures any American State, however small, a new and perilous front is established which will increase the danger to the entire free world and require even greater sacrifices from the American people.

This situation in Guatemala had become so dangerous that the American States could not ignore it. At Caracas last March the American States held their 10th Inter-American Conference. They then adopted a momentous statement. They declared that "the domination or control of the political institutions of any American State by the international Communist movement *** would constitute a threat to the sovereignty and political independence of the American States, endangering the peace of America."

There was only one American State that voted against this declaration. That state was Guatemala.

This Caracas Declaration precipitated a dramatic chain of events. From their European base the Communist leaders moved rapidly to build up the military power of their agents in Guatemala. In May a large shipment of arms moved from behind the Iron Curtain into Guatemala. The shipment was sought to be secreted by false manifests and false clearances. Its ostensible destination was changed three times while en route.

At the same time, the agents of international communism in Guatemala intensified efforts to penetrate and subvert the neighboring Central American States. They attempted political assassinations and political strikes. They used consular agents for political warfare.

Many Guatemalan people protested against their being used by Communist dictatorship to serve the Communists' lust for power. The response was mass arrests, the suppression of constitutional guarantees, the killing of opposition leaders, and other brutal tactics normally employed by communism to secure the consolidation of its power.

In the face of these events and in accordance with the spirit of the Caracas Declaration, the nations of this hemisphere laid further plans to grapple with the danger. The Arbenz Government responded with an effort to disrupt the inter-American system. Because it enjoyed the full support of Soviet Russia, which is on the Security Council, it tried to bring the matter before the Security Council. It did so without first referring the matter to the American regional organization as is called for both by the United Nations Charter itself and by the treaty creating the American organization.

The Foreign Minister of Guatemala openly connived in this matter with the Foreign Minister of the Soviet Union. The two were in open correspondence and ill-concealed privity. The Security Council at first voted overwhelmingly to refer the Guatemala matter to the Organization of American States. The vote was 10 to 1. But that one negative vote was a Soviet veto.

Then the Guatemalan Government, with Soviet backing, redoubled its efforts to supplant the American States system by Security Council jurisdiction.

However, last Friday, the United Nations Security Council decided not to take up

the Guatemalan matter, but to leave it in the first instance to the American States themselves. That was a triumph for the system of balance between regional organization and world organization, which the American States had fought for when the charter was drawn up at San Francisco.

The American States then moved promptly to deal with the situation. Their peace commission left yesterday for Guatemala. Earlier the Organization of American States had voted overwhelmingly to call a meeting of their foreign ministers to consider the penetration of international communism in Guatemala and the measures required to eliminate it. Never before has there been so clear a call uttered with such a sense of urgency and strong resolve.

Throughout the period I have outlined, the Guatemalan Government and Communist agents throughout the world have persistently attempted to obscure the real issue—that of Communist imperialism—by claiming that the United States is only interested in protecting American business. We regret that there have been disputes between the Guatemalan Government and the United Fruit Co. We have urged repeatedly that these disputes be submitted for settlement to an international tribunal or to international arbitration. That is the way to dispose of problems of this sort. But this issue is relatively unimportant. All who know the temper of the United States people and Government must realize that our overriding concern is that which, with others, we recorded at Caracas, namely the endangering by international communism of the peace and security of this hemisphere.

The people of Guatemala have now been heard from. Despite the armaments piled up by the Arbenz Government, it was unable to enlist the spiritual cooperation of the people.

Led by Col. Castillo Armas, patriots arose in Guatemala to challenge the Communist leadership—and to change it. Thus, the situation is being cured by the Guatemalans themselves.

Last Sunday, President Arbenz of Guatemala resigned and seeks asylum. Others are following his example.

Tonight, just as I speak, Col. Castillo Armas is in conference in El Salvador with Colonel Monzon, the head of the council which has taken over the power in Guatemala City. It was this power that the just wrath of the Guatemalan people wrested from President Arbenz who then took flight.

Now the future of Guatemala lies at the disposal of the Guatemalan people themselves. It lies also at the disposal of leaders loyal to Guatemala who have not treasonably become the agents of an alien despotism which sought to use Guatemala for its own evil ends.

The events of recent months and days add a new and glorious chapter to the already great tradition of the American States.

Each one of the American States has cause for profound gratitude. We can all be grateful that we showed at Caracas an impressive solidarity in support of our American institutions. I may add that we are prepared to do so again at the conference called for Rio. Advance knowledge of that solidarity undoubtedly shook the Guatemalan Government.

We can be grateful that the Organization of American States showed that it could act quickly and vigorously in aid of peace. There was proof that our American organization is not just a paper organization, but that it has vigor and vitality to act.

We can be grateful to the United Nations Security Council which recognized the right of regional organizations in the first instance to order their own affairs. Otherwise the Soviet Russians would have started a controversy which would have set regionalism against universality and gravely wounded both.

Above all, we can be grateful that there were loyal citizens of Guatemala who, in the face of terrorism and violence and against what seemed insuperable odds, had the courage and the will to eliminate the traitorous tools of foreign despots.

The need for vigilance is not past. Communism is still a menace everywhere. But the people of the United States and of the other American Republics can feel tonight that at least one grave danger has been averted. Also an example is set which promises increased security for the future. The ambitious and unscrupulous will be less prone to feel that communism is the wave of their future.

In conclusion, let me assure the people of Guatemala. As peace and freedom are restored to that sister republic, the Government of the United States will continue to support the just aspirations of the Guatemalan people. A prosperous and progressive Guatemala is vital to a healthy hemisphere. The United States pledges itself not merely to political opposition to communism, but to help to alleviate conditions in Guatemala and elsewhere which might afford communism an opportunity to spread its tentacles throughout the hemisphere. Thus we shall seek in positive ways to make our Americas an example which will inspire men everywhere.

ISLAND OF HUNGRY PEOPLE

MR. MANSFIELD. Mr. President, on June 14 I brought to the attention of my colleagues in the Senate the plight of the peoples of the Marshall Islands who are suffering great inconveniences and hardships because of the Pacific hydrogen bomb tests in the spring.

The islanders petitioned the United Nations for an assurance that they be considered before any future atomic or hydrogen tests were held in the area. These people are gravely concerned because they have been kept indefinitely from their home islands and were exposed to radiation during the March 1 test. United States Ambassador Lodge issued a statement reassuring the Marshallese that everything was being done to protect their interests. That is about all that has been done. A few words and no action does little to alleviate the natives' problems.

These people live on Kili, the island of hungry people. They are Bikinians, whose home atoll of Bikini was taken over 8 years ago for testing of atomic weapons. These people are confined to this tiny island, faced with hunger and lack of clothing. They have been looking to the United States for assistance, and have received only broken promises.

These people's home, Bikini, is about 10 times as big as Kili, which is an oval island of about 120 acres, lushly overgrown. Fishing is poor at Kili, while it was bountiful at Bikini. Much of the time the only food is cocoanuts and copra.

The small island's population has increased from 160 to 190 in the nearly 5 years these people have been on Kili.

The United States is failing in its responsibilities to these islands. We are obligated to them under the trust territory agreements of the United Nations.

I understand that steps are being taken to give the people of that island technical help. The first project to help these people to adjust themselves was started only this year. It will be several

years before much can be accomplished in that respect, so something must be done now, before it is too late.

The Bikinians were moved to Rongerik Atoll for 2 years. Hunger finally drove them from there, and the United States Navy placed them temporarily on the Kwajalein Atoll. Most of their first dealings were with the Navy. In 1951 the Marshalls were placed under control of the Secretary of the Interior.

A medical practitioner from Majuro, headquarters for the Marshall Island district, reported the people were "pretty healthy." He had found no sign of malnutrition, "although sometimes they do run short of food." We should not be satisfied with just a "pretty healthy" condition; we should make sure that those people do not suffer from malnutrition and they should not have to go hungry and without clothing at any time. We Americans seem to have forgotten that they willingly gave up their homes in order to help our advancement in atomic science. Hunger and discontent are rather poor compensation.

When King Juda was asked if the islanders were promised anything when they were moved, he said the Americans told him, "You stand on big sand bank as children of America. We can never forget you. You gave up atoll so America can go ahead of everyone in world."

We apparently told them many things and it is about time we started making good some of those promises.

I hope that the State Department, the United States Ambassador to the U. N., and the Secretary of the Interior will heed these words and see to it that the pledges made by us are kept.

MR. HICKENLOOPER. Mr. President, will the Senator yield?

THE PRESIDING OFFICER (MR. UPTON in the chair). Does the Senator from Montana yield to the Senator from Iowa?

MR. MANSFIELD. I am delighted to yield.

MR. HICKENLOOPER. I have some slight knowledge of the situation in the area of the world to which the Senator has been referring. While I am in accord with the idea that the natives there should not be treated badly, I have every reason to believe that they are being treated better now than they were ever treated before. I have evidence at my disposal showing that the people are healthier than they were before our men started going to the South Pacific.

I happened to be in that part of the world shortly after the natives were moved from the island of Bikini to Rongerik. I was on Bikini. I saw some of the natives there. We have sent medical practitioners to that area to treat the diseases of the natives. In the whole history of the people there they had never had medical treatment previously. We furnished food for the natives and attempted to aid them in the establishment of rudimentary schools for their children. We have made provision for medical practitioners periodically to visit the islands—something that was never heard of before in that part of the world.

With regard to the alleged infection resulting from atomic radiation caused by some of the explosions last year, or

by one of them in particular, I am not aware that any permanent injury to any of those people has been noted. I know that the first thing the United States did was to evacuate immediately the natives from any possible danger area, and they were taken to Kwajalein, where they could get the best of naval care. They were given that care. They were shown moving pictures for the first time in their lives. They were entertained there for several months. Their health was carefully looked after.

Mr. President, I do not criticize the natives of that area. We are all utterly sympathetic with them. The United States is doing, and is going to do, everything possible to see that no injury comes to those people. However, I want the record clear that I have access to a substantial amount of information in connection with this subject, and from the information I have I can say that the people are not suffering at the moment. They will not be permitted to be unduly afflicted with ills and ailments. Not only is the United States doing more for those people than was ever done before, but it will continue to do everything possible to insure the natives of that area against injury. We are sympathetic with them.

MR. MANSFIELD. I am delighted to hear the statement the Senator from Iowa has made, and, because he is Vice Chairman of the Joint Committee on Atomic Energy, and was former Chairman of it, and because he has been interested in the subject since the beginning, it is very encouraging. I wish to tell him, however, that on the basis of reliable newspaper reports—and they are the only reports to which I have access, contrary to the representations made by the Senator from Iowa—the people in that area have been hurt by the hydrogen bomb explosions, especially the one of March 1. I think the interval since then has been too short to enable us to say that the natives have been taken care of properly, because no one knows just what the ultimate effects of the explosion will be. The Senator knows far better than I do, because of the fact that he does have access to information, just how widespread the practice bombing in the Pacific was on March 1, and how many people were affected by it, not only the Marshallese, who appealed to the United Nations and asked for assistance, but Americans and Japanese as well. I hope we shall be able to afford in the future much better protection from the devices used by the Government than we were able to provide on March 1.

MR. HICKENLOOPER. I think it is interesting to discuss this particular matter with a little more publicity than it has been given. The Senator has referred to the Japanese. I wish to state that there has been a strange refusal on the part of the Japanese to let us ascertain if anything happened to any of the Japanese fishermen who were in the area at the time of the explosion. That is a rather peculiar situation. Certainly, the Marshallese did not request any aid or assistance from us. The Marshallese were not aware that they had been infected by radiation from the

bomb. They did not know what it was. As soon as we discovered what was happening, we immediately took the natives from the islands to a place of safety. We immediately established centers of treatment and observation. We set up food camps for them and furnished them with a great deal of food.

Lest I be misunderstood, I hasten to say that I am not criticizing the people of the Marshall Islands. They certainly have their rights as human beings. They should be protected. Their health should be protected. The United States should do everything within reason to see that they do not suffer unduly.

I am saying that we are sympathetic to the desires of the people in that area for protection and safety, and that we are going to provide all the means possible for their safety and protection.

I have seen a number of newspaper reports about conditions in that part of the world, and I feel quite certain that some of the newspaper reports which I have seen come under the heading of sensationalism, an attempt to make headlines in the United States, whereas the cold facts and the analytical, factual reports do not quite bear out the sensationalism of some of the statements contained in some of the newspapers.

MR. MANSFIELD. Mr. President, I appreciate what the Senator from Iowa has said. My information is obtained entirely from newspapers and, strangely enough, from newspapers in my own State of Montana. It is based on reports by a newspaper reporter by the name of Waugh, who, I believe, has visited these islands. He works for the Associated Press, a reputable news organization; and he sends his dispatches from Honolulu.

Let me say that when the Marshallese protested to the United Nations, I certainly believe they were not doing something for which there was no basis; and I was very much pleased when the United States Ambassador to the United Nations, Henry Cabot Lodge, gave them assurance that they would receive every consideration. I am also delighted that the Senator from Iowa, who is as well versed in this matter as is any other Member of Congress, has paid close attention to it.

I respectfully request that these newspaper stories be considered and studied; and if it is found that there is basis for them, I ask that the difficulty be obviated as soon as possible, and that every possible consideration be given to the people of the islands.

MR. HICKENLOOPER. Mr. President, I assure the Senator from Montana that that will be done.

At this time I should like to discuss the matter a little further with the Senator from Montana. He will recall that after the first atomic bombs were exploded over Hiroshima and Nagasaki various reports were received regarding unusual injuries which were said to have been suffered by various of the residents of those cities. Of course, thousands of persons were killed in those two explosions. However, some of the newspapers and certain of the so-called slick-paper magazines published pictures showing hideous masses of some sort of fungus

growth on the bodies of some of the Japanese, and the pictures were printed over statements to the effect that "these injuries occurred because of the atomic explosions, and these are some of the awful things that happen as a result of such explosions."

Mr. President, I do not wish to minimize the effects of an atomic explosion. However, later it was found that the sores shown in such photographs had been on the bodies of those persons for some years and had resulted from the rather crude methods of treatment of open wounds which were characteristic of medical treatment in Japan years ago. In fact, in the Orient it is quite common to see such conditions, which result as the aftermath of infected wounds, and have nothing to do with radiation from the explosion of an atomic bomb. I refer to this matter as an illustration to indicate that in times of excitement, and sometimes hysteria, some strange and unjustified credit is given to some sources as being the cause of certain injuries which, in fact, have not resulted in any way from such sources.

Mr. President, I know the interest of the Senator from Montana has in the people of these islands, and in having them receive fair treatment. I assure him that the Atomic Energy Commission is interested and concerned to the highest degree; that the State Department is likewise interested and concerned; and that the Joint Committee on Atomic Energy likewise is similarly interested and concerned. We are concerned, for it is our sincere desire that no injustice be done and that no injuries result; and that if anyone is injured in any way, he be amply and fully taken care of. I wish to give the Senator from Montana that assurance.

Mr. MANSFIELD. Mr. President, that assurance from the Senator from Iowa is enough for me, because I know of his sincere interest in these matters; and I know that he wishes, as do I, to see proper provision made and followed to a logical conclusion.

Mr. President, I yield the floor.

RECESS TO TUESDAY

Mr. KNOWLAND. Mr. President, if there is no further business to come before the Senate at this time, I now move that, under the order previously entered, the Senate stand in recess until Tuesday, next, at 12 o'clock noon.

The motion was agreed to; and (at 5 o'clock and 16 minutes p. m.) the Senate took a recess, the recess being, under the order previously entered, until Tuesday, July 6, 1954, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate July 2, 1954:

MILITARY LIAISON COMMITTEE TO THE ATOMIC ENERGY COMMISSION

Herbert Bernard Loper, of Nebraska, to be Chairman of the Military Liaison Committee to the Atomic Energy Commission, vice Robert LeBaron, resigned.

FEDERAL COAL MINE SAFETY BOARD OF REVIEW

Charles R. Ferguson, of Pennsylvania, to be a member of the Federal Coal Mine Safety

Board of Review for the term expiring July 15, 1957. (Reappointment.)

IN THE COAST GUARD

Capt. Frank A. Leamy to the permanent rank of rear admiral, United States Coast Guard, to rank as such from the date of November 1, 1954.

Capt. William W. Kenner to the permanent rank of rear admiral, United States Coast Guard, to rank as such effective upon confirmation by the Senate.

IN THE ARMY

The following-named officers to be placed on the retired list in the grade indicated under the provisions of subsection 504 (d) of the Officer Personnel Act of 1947:

To be lieutenant generals

Lt. Gen. Horace Logan McBride, O4430, Army of the United States (major general, U. S. Army).

Lt. Gen. Andrew Davis Bruce, O5857, Army of the United States (major general, U. S. Army).

IN THE AIR FORCE

Lt. Gen. Robert Wells Harper, 53A (major general, Regular Air Force), United States Air Force, to be placed on the retired list in the grade of lieutenant general, under the provisions of subsection 504 (d) of the Officer Personnel Act of 1947.

The following officers for appointment to the positions indicated under the provisions of sections 504 and 515, Officer Personnel Act of 1947:

Lt. Gen. Charles Trovilla Myers, 37A (major general, Regular Air Force), United States Air Force, to be commander, Air Training Command, with the rank of lieutenant general and to be lieutenant general in the United States Air Force.

Maj. Gen. Glenn Oscar Barcus, 87A, Regular Air Force, to be commander in chief, United States Northeast Command, with the rank of lieutenant general and to be lieutenant general in the United States Air Force.

POSTMASTERS

The following-named persons to be postmasters:

ALABAMA

James B. Parker, McKenzie, Ala., in place of B. F. Beesley, retired.

Edwin E. Johnson, Samson, Ala., in place of W. A. Coleman, transferred.

ARKANSAS

Edward F. Horne, Sparkman, Ark., in place of F. W. Knickerbocker, resigned.

CALIFORNIA

Wilma M. Anderson, Baker, Calif., in place of A. D. Erickson, retired.

Leonard V. Livingston, Baldwin Park, Calif., in place of R. W. Scott, retired.

Myles B. Ellis, Crescent City, Calif., in place of C. T. Hansen, transferred.

Francis M. Schaffer, Encino, Calif., in place of C. M. Tucker, deceased.

June C. Kennedy, Liberty Farms, Calif. Office became Presidential April 1, 1952.

George J. McMillin, Long Beach, Calif., in place of H. K. Goodwin, retired.

Elinor W. Dickenson, Moraga, Calif., in place of J. J. Hansen, deceased.

Florence R. Coggins, Nipton, Calif., in place of E. M. Trehearne, retired.

Lionel J. Worden, San Jose, Calif., in place of J. A. Chargin, Jr., removed.

Clarence R. Lamb, Santa Paula, Calif., in place of H. W. Driggs, retired.

Dorothy Irma Paxton, Tipton, Calif., in place of H. D. Beck, retired.

David Bordessa, Valley Ford, Calif., in place of J. E. Stornetta, resigned.

COLORADO

Frances K. Woodward, Kiowa, Colo., in place of Ada Killin, retired.

Marion E. Benedict, Uravan, Colo., in place of M. M. Latham, resigned.

CONNECTICUT

Wesley F. Gomez, Cornwall Bridge, Conn., in place of E. O. Engisch, resigned.

John L. Titus, Stafford, Conn., in place of R. A. Booth, retired.

Guy C. Hosmer, Waterford, Conn., in place of A. H. Butterly, removed.

FLORIDA

Thomas M. Love, Chipley, Fla., in place of A. F. Townsend, resigned.

Frank J. Hill, Jr., San Antonio, Fla., in place of N. A. Kovarik, retired.

GEORGIA

Walter H. Phillips, Jr., Forest Park, Ga., in place of C. E. McKown, removed.

Ralph Smith, Jeffersonville, Ga., in place of F. M. Vaughn, retired.

Arthur C. Curtis, Jr., Norman Park, Ga., in place of J. S. Newton, transferred.

Robert L. Roberson, Ochlocnee, Ga., in place of Jack Herring, retired.

Joseph J. Pope, Omaha, Ga., in place of M. M. Pope, retired.

Walter U. Scott, Pavo, Ga., in place of H. J. Alderman, retired.

James S. Rees, Preston, Ga., in place of Ruby Anderson, transferred.

IDAHO

Harold C. Hunter, Filer, Idaho, in place of G. G. Smith, transferred.

Wallace K. Whitehead, Lava Hot Springs, Idaho, in place of A. B. Peck, removed.

Thomas W. Richardson, Worley, Idaho, in place of L. R. Dyer, transferred.

ILLINOIS

John W. Duncan, Assumption Ill., in place of F. P. Ryan, resigned.

Denby R. Boring, Carlinville, Ill., in place of John Hoefting, transferred.

Louise M. Florian, Chicago Ridge, Ill., in place of M. H. Paulus, retired.

Leroy J. Mager, Frankfort, Ill., in place of A. K. Fink, retired.

William K. Sheridan, Havana, Ill., in place of W. T. Smith, retired.

Phillip Day, Jacksonville, Ill., in place of C. J. Ator, retired.

Lester V. DuMontelle, Momence, Ill., in place of Paul Therien, deceased.

Arlington E. Gittings, Oquawka, Ill., in place of G. S. Thornton, retired.

C. Fern Boston, Owaneco, Ill., in place of H. V. Neel, retired.

Lloyd Newnom, Pearl, Ill., in place of G. A. Garrison, resigned.

Roy E. McMahan, Potomac, Ill., in place of P. C. Smith, retired.

INDIANA

Paul Winter, Bicknell, Ind., in place of R. T. Phillippe, retired.

Lester C. Rhynard, Kouts, Ind., in place of I. J. Dye, retired.

Lloyd H. Berger, Peru, Ind., in place of E. G. Marburger, deceased.

Robert F. Wisehart, Shirley, Ind., in place of J. C. Cottrell, transferred.

IOWA

Virgil L. Ellis, Allerton, Iowa, in place of Clare Dougherty, deceased.

Robert N. Steinick, Madrid, Iowa, in place of O. H. Darby, retired.

Keith Gray, Postville, Iowa, in place of H. H. Douglass, removed.

KANSAS

Martin L. Pearsall, Caney, Kans., in place of C. E. Hanlon, retired.

Carl F. Rebman, Edgerton, Kans., in place of J. O. Larrick, retired.

Charles W. Taylor, Edna, Kans., in place of T. L. Lozier, transferred.

Lester E. Tucker, Osborne, Kans., in place of W. L. Green, transferred.

Henry C. Thomas, Piedmont, Kans., in place of J. E. Kennedy, retired.

KENTUCKY

Clyde Murl Bratcher, Clarkson, Ky., in place of E. W. Cubbage, resigned.
 Waldo Redman, Glasgow, Ky., in place of J. R. Richardson, deceased.
 Neville P. Perry, Hazel, Ky., in place of D. N. White, resigned.
 Charles W. Johnson, Virgie, Ky., in place of H. C. Hamilton, resigned.

LOUISIANA

George M. Germany, Loreauville, La., in place of C. M. Germany, retired.
 Louis B. Moseley, Oak Grove, La., in place of S. H. Campbell, retired.
 Joseph K. Mayes, Pelican, La., in place of K. P. McDonnell, retired.
 Arthur L. Layton, Shreveport, La., in place of R. H. Nelson, retired.

MAINE

Russell M. Batson, West Jonesport, Maine, in place of E. B. Batson, retired.

MARYLAND

Catherine L. C. Hilferty, Baldwin, Md., in place of C. A. Snavely, resigned.
 John W. McGreevy, Linthicum Heights, Md., in place of H. J. Paul, retired.

MASSACHUSETTS

Renaldo A. Consoletti, Milford, Mass., in place of J. E. Higgiston, deceased.
 Arthur P. Phillips, Monterey, Mass., in place of W. T. Martin, retired.

Francis R. Sinervo, Palmer, Mass., in place of T. J. Sullivan, retired.

MICHIGAN

Lela M. Waters, Casnovia, Mich., in place of R. G. Hayward, retired.

Edward L. Baker, Detroit, Mich., in place of F. C. Middel, retired.

George A. Duncan, Hillsdale, Mich., in place of J. R. O'Meara, resigned.

H. Wayne Parker, Grand Rapids, Mich., in place of A. W. Hamilton, deceased.

Harold C. Lowing, Jenison, Mich., in place of Lillian Moody, retired.

Martin C. Kassischeke, Tawas City, Mich., in place of L. T. Bing, retired.

William Karsten, Zeeland, Mich., in place of W. G. F. L. Wentzel, retired.

MINNESOTA

Lester K. Strawell, Callaway, Minn., in place of D. W. Bellefeuille, resigned.

Clarence E. Peterson, Goodridge, Minn., in place of Stephen Singer, retired.

Orville J. Wilson, Hallock, Minn., in place of C. R. Bouvette, resigned.

Lloyd H. Lee, Hanley Falls, Minn., in place of C. J. Mickelson, transferred.

John A. Anderson, New York Mills, Minn., in place of G. V. Anderson, transferred.

Lloyd E. Johnson, Palisade, Minn., in place of D. W. Forstrom, removed.

Harry L. Sherman, Rush City, Minn., in place of J. M. McGuire, resigned.

Donald C. Brown, Waseca, Minn., in place of D. M. Coughlin, retired.

MISSOURI

Wayne W. Wilson, Bethany, Mo., in place of Walter Bartlett, retired.

Mildred S. Parker, Cowgill, Mo., in place of E. B. Lile, removed.

Marie L. E. Koehler, Grover, Mo., in place of A. A. Koch, deceased.

James D. Williams, Ionia, Mo., in place of W. M. Thomas, removed.

William R. Zink, Knob Noster, Mo., in place of P. G. Utley, retired.

Harry J. DeGuire, Liguori, Mo., in place of F. B. Bockwinkel, resigned.

Mary C. Hazelton, Princeton, Mo., in place of F. A. Lambert, retired.

MONTANA

Alma E. V. Youngberg, Clyde Park, Mont., in place of Elizabeth McCormick, resigned.

Gordon L. Johnson, Dodson, Mont., in place of L. E. Kodalen, retired.

Ruth Sieler, Plevna, Mont., in place of P. J. Herbst, retired.

NEBRASKA

John H. Schaller, Bellevue, Nebr., in place of W. J. McCorkindale, resigned.
 Edwin Gorton, Crawford, Nebr., in place of J. P. Davis, resigned.
 Ronald A. Whitehead, Mason City, Nebr., in place of J. C. Nelson, deceased.
 Wilbur B. Brown, Miller, Nebr., in place of A. A. Coufal, transferred.

NEVADA

Myra B. Johnson, Mercury, Nev. Office became presidential April 1, 1952.

NEW JERSEY

Preston Fisher, Cape May Court House, N. J., in place of E. O. Lowell, retired.

Florence M. Champion, Dorchester, N. J., in place of L. S. Champion, retired.

Benjamin Paul Heritage, Mullica Hill, N. J., in place of G. T. Knapp, removed.

Elmer B. Reed, Sea Isle City, N. J., in place of Thomas Whittington, resigned.

Anna L. Hagstrom, Wanaque, N. J., in place of S. K. Conway, deceased.

NEW MEXICO

Horace G. Hubert, Carlsbad, N. Mex., in place of R. S. Soladay, resigned.

Evelyn R. Goodner, Jal, N. Mex., in place of D. A. Klepper, resigned.

Sybil S. Schlittler, Oil Center, N. Mex., in place of M. L. Mitchell, resigned.

NEW YORK

Ishmael B. Burns, Alexandria Bay, N. Y., in place of F. F. Cornwall, retired.

Joseph Del Giudice, Croton-on-Hudson, N. Y., in place of E. L. Van Tassel, removed.

William F. Pfarrer, Hilton, N. Y., in place of B. C. Randall, resigned.

John L. Button, South New Berlin, N. Y., in place of Josephine Westphall, resigned.

Edmon L. Sowers, Thiells, N. Y., in place of Walter Stanhope, retired.

Margaret C. Wilcox, Whitney Point, N. Y., in place of A. D. Driscoll, retired.

NORTH CAROLINA

Gladys T. Ratledge, Advance, N. C., in place of W. G. Ratledge, deceased.

Louis M. Ensley, Balsam, N. C., in place of N. R. Christy, retired.

Hazel B. Sebastian, Hays, N. C., in place of M. B. Smith, resigned.

John H. Norton, Stony Point, N. C., in place of D. F. Cockrell, removed.

Enos R. Boyd, Waynesville, N. C., in place of J. H. Howell, retired.

NORTH DAKOTA

Randall C. Zimprich, Davenport, N. Dak., in place of W. A. Borderud, retired.

Louis J. Lovick, Pisek, N. Dak., in place of B. J. Schnedor, deceased.

Clayton N. Caron, Scranton, N. Dak., in place of C. A. Johnson, deceased.

Franklin V. Frykman, Souris, N. Dak., in place of A. M. Sletten, transferred.

Herman C. Becker, Wahpeton, N. Dak., in place of R. L. Hawes, retired.

Robert G. Brown, Wimbleton, N. Dak., in place of L. E. Peterson, resigned.

Adolf Dockter, Zeeland, N. Dak., in place of H. E. Hezel, retired.

OHIO

William C. Fulton, Belle Center, Ohio, in place of W. K. Connor, resigned.

Lois M. Sams, Beloit, Ohio, in place of C. M. Birch, retired.

Leonard Allison LaFollette, Buchtel, Ohio, in place of Viola Smathers, resigned.

Victor L. Will, Canal Winchester, Ohio, in place of V. L. Will, resigned.

Marian L. Reed, Chesterhill, Ohio, in place of Hettie Woodward, retired.

Hobart A. Wehking, Cincinnati, Ohio, in place of C. J. Bocklet, retired.

John W. Wilcox, Jr., Dresden, Ohio, in place of B. R. Taylor, retired.

Dorothy H. Pettit, East Fultonham, Ohio, in place of Marie Thompson, retired.

Ernest H. Wilson, Marengo, Ohio, in place of H. E. Ralston, transferred.

James O. Drake, North Jackson, Ohio, in place of A. F. Jones, retired.

Mildred J. Lockwood, Okeana, Ohio, in place of W. E. Bennett, transferred.

Edna T. Duncan, Perrysville, Ohio, in place of D. K. De Long, transferred.

David S. Shia, St. Clairsville, Ohio, in place of C. A. Ferren, retired.

Neil H. Adams, Sycamore, Ohio, in place of W. T. Golling, transferred.

Earl W. Schnetzler, Waterville, Ohio, in place of M. G. Van Fleet, retired.

George W. Rupp, Wellston, Ohio, in place of A. B. Bishop, resigned.

OKLAHOMA

Carlin M. Whittemore, Hennessey, Okla., in place of W. P. Herscher, removed.

Esther M. McAdams, Ninnekah, Okla., in place of I. M. Duke, resigned.

Ernest Arnold, Nowata, Okla., in place of J. T. Norton, retired.

Claire Shirley, Snyder, Okla., in place of J. A. Barnett, transferred.

Thad D. Jones, Tuttle, Okla., in place of W. H. Wester, resigned.

M. Marvel Gregory, Weleetka, Okla., in place of T. L. Pike, removed.

Treva O. Courtney, Yale, Okla., in place of G. W. Blair, retired.

OREGON

Theodore R. Willard, Empire, Oreg., in place of H. L. Strand, resigned.

PENNSYLVANIA

Espy G. Thomas, Boswell, Pa., in place of S. A. Heffley, deceased.

Robert W. Stahl, Mount Pleasant, Pa., in place of Clark Queer, resigned.

Elizabeth V. Hixenbaugh, New Eagle, Pa., in place of Lottie Teuche, retired.

Edgar S. Babp, Tatamy, Pa., in place of E. S. Happel, retired.

Fred K. Giesler, Waterford, Pa., in place of C. S. Shaw, retired.

Paul E. Trump, York Springs, Pa., in place of C. M. Boyer, retired.

SOUTH CAROLINA

Ida B. Feagin, Bonneau, S. C., in place of S. W. Lytchfield, Jr., resigned.

James L. Sheppard, Yemassee, S. C., in place of W. A. Powell, transferred.

SOUTH DAKOTA

Edward Keith Welch, Blunt, S. Dak., in place of W. S. Leeper, retired.

Melvin H. Koepsell, Canova, S. Dak., in place of F. S. Countryman, retired.

Joseph M. Jones, Fairview, S. Dak., in place of L. M. Dyer, retired.

Roland D. Schlaht, Gregory, S. Dak., in place of J. F. Krizan, Jr., deceased.

Chester A. Hattervig, Viborg, S. Dak., in place of R. B. Nelson, deceased.

TENNESSEE

Frank W. Medley, Monterey, Tenn., in place of L. P. Speck, retired.

Lucile S. Busler, White Pine, Tenn., in place of F. B. Cowan, retired.

TEXAS

Glen D. Kelley, Aledo, Tex., in place of L. F. Reynolds, retired.

Edgar M. Jackson, Athens, Tex., in place of E. L. Watson, retired.

Elmer P. Beecher, Goree, Tex., in place of C. R. Chamberlain, deceased.

Gilford W. White, Luling, Tex., in place of P. L. Walker, deceased.

Edna Cary Naugle, Saginaw, Tex., in place of N. B. Elkins, resigned.

Betty J. Beene, Terminal, Tex., in place of W. O. Ham, resigned.

Joe P. Bullion, Truscott, Tex., in place of Irene New, resigned.

Jerrold D. Wilkinson, West, Tex., in place of R. J. Marak, retired.

UTAH

Nora R. Hatsis, Kenilworth, Utah., in place of Etta Moffitt, retired.
Elmer M. Williams, West Jordan, Utah. Office established March 1, 1951.

VERMONT

Parker C. Risley, Perkinsville, Vt., in place of W. H. Salmond, retired.
Edward F. Baccei, Proctor, Vt., in place of J. B. Flannagan, retired.

VIRGINIA

Michael H. Utz., Brightwood, Va., in place of J. C. Crigler, Jr., retired.
Tazewell H. Caldwell, Riner, Va., in place of G. J. Akers, retired.

Hendrick O. Carwile, Rustburg, Va., in place of V. I. Pick, retired.

WASHINGTON

Paul V. Roos, Cusick, Wash., in place of O. H. Snew, deceased.
Harold L. Woolf, Deming, Wash., in place of J. P. Nims, resigned.
James T. Likes, Rosalia, Wash., in place of H. C. Roberts, retired.

WEST VIRGINIA

Eleanor F. Morris, Ashland, W. Va. Office became presidential July 1, 1944.

Georgia E. Samples, Coal Fork, W. Va., in place of W. M. Seeley, resigned.

Helen J. Kemper, Dawes, W. Va., in place of D. C. Shonk, resigned.

Herbert C. Conley, English, W. Va., in place of Alexander McDarmont, resigned.

Obert Beecher Phillips, French Creek, W. Va., in place of P. E. Thomas, resigned.

James F. Lowe, Jolo, W. Va., in place of H. W. Stephenson, resigned.

Benjamin F. Ford, Lewisburg, W. Va., in place of D. R. Nickell, retired.

Letitia H. Spaulding, Longacre, W. Va., in place of J. J. Dixon, resigned.

Ann L. Errington, Scarbro, W. Va., in place of W. C. Bishop, retired.

WISCONSIN

Herman C. Lawin, Cornucopia, Wis., in place of Peter Stark, resigned.

Howard E. Beaulier, Goodman, Wis., in place of R. W. Burt, deceased.

Paul M. Saftig, Kenosha, Wis., in place of A. C. Grosvenor, deceased.

Victor H. Braun, Pickrel, Wis., in place of L. B. Hein, deceased.

Ervin C. Schroeder, Saukville, Wis., in place of B. A. Ruskauff, retired.

Orville E. Wildes, Warrens, Wis., in place of E. O. Johnson, retired.

Karl E. Freitag, Waterloo, Wis., in place of E. A. Kilian, resigned.

WYOMING

Florence E. Hall, Moorcroft, Wyo., in place of Lee Waddell, resigned.

Cleo V. Malone, Yoder, Wyo., in place of W. W. Walker, transferred.

CONFIRMATIONS

Executive nominations confirmed by the Senate July 2, 1954:

DIPLOMATIC AND FOREIGN SERVICE

Sheldon T. Mills, of Oregon, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Ecuador.

Waldemar J. Gallman, of New York, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Iraq.

DEPARTMENT OF THE TREASURY

William H. Brett, of Ohio, to be Director of the Mint for the term of 5 years, to fill an existing vacancy.

ST. LAWRENCE SEAWAY DEVELOPMENT CORPORATION

Lewis G. Castle, of Minnesota, to be Administrator of the St. Lawrence Seaway Development Corporation.

INTERSTATE COMMERCE COMMISSION

John H. Winchell, of Colorado, to be an Interstate Commerce Commissioner for the remainder of the term expiring December 31, 1960.

FEDERAL TRADE COMMISSION

Robert Thompson Secret, of Ohio, to be Federal Trade Commissioner for the term of 7 years from September 26, 1954.

IN THE ARMY

Appointment in the Regular Army of the United States to the grades indicated under the provisions of title V of the Officer Personnel Act of 1947:

To be major generals

Maj. Gen. Cornelius Edward Ryan, O7375, Army of the United States (brigadier general, U. S. Army).

Maj. Gen. Frank Albert Allen, Jr., O7415, Army of the United States (brigadier general, U. S. Army).

Maj. Gen. Bryan Lee Milburn, O7469, Army of the United States (brigadier general, U. S. Army).

Maj. Gen. John Charles Macdonald, O8402, Army of the United States (brigadier general, U. S. Army).

To be brigadier generals

Brig. Gen. Frank Needham Roberts, O12734, Army of the United States (colonel, U. S. Army).

Brig. Gen. Charles Harlan Swartz, O12798, Army of the United States (colonel, U. S. Army).

Brig. Gen. Louis Watkins Prentiss, O14672, Army of the United States (colonel, U. S. Army).

Brig. Gen. Wesley Tate Guest, O14654, Army of the United States (colonel, U. S. Army).

Brig. Gen. Carroll Heiney Deitrick, O14796, Army of the United States (colonel, U. S. Army).

Maj. Gen. James Dunne O'Connell, O14965, Army of the United States (colonel, U. S. Army).

Temporary appointment in the Army of the United States to the grades indicated under the provisions of subsec. 515 (c) of the Officer Personnel Act of 1947:

To be major general

Brig. Gen. Herbert Maury Jones, O12251, United States Army.

To be brigadier general

Chaplain (Col.) Frank Alden Tobey, O41698, United States Army.

POSTMASTERS

ARIZONA

Nell K. Guinn, Rowood.

ARKANSAS

Ernest E. Epperson, Gentry.

Gillis W. Stephenson, Monticello.

CALIFORNIA

Carroll E. Harris, Bishop.

John H. Bergstrom, East Highlands.

Ralph B. Webb, Maricopa.

James M. Morris, Novato.

E. Jerome Mathis, Pala.

Albert J. Honett, Pinecrest.

Francis E. Bodeson, Ripon.

CONNECTICUT

Martin J. Gilman, Gilman.

Douglas C. Griffiths, Salisbury.

FLORIDA

Frederick L. Swain, Anthony.

Ira W. McCollum, Brooksville.

Harry F. Swathwood, Cortez.

Adwell D. Gobler, DeLeon Springs.

William A. Fisher, Dunedin.

William D. Hillier, Florida City.

Robert L. Perry, Groveland.

Millard A. Jameson, Lithia.

Frances D. Taylor, Malone.

Arnold Bridges, Ormond Beach.

IDAHO

Joseph C. Newman, New Plymouth.

ILLINOIS

Stuart S. Barrett, Ashley.

Leon E. Shreve, Belle Rive.

Walter Matteson, Effingham.

Paul Barnes, Elsah.

Eliot E. Overdorf, Glencoe.

Dorothy C. Fulscher, Hampton.

Franklin A. Canaday, Homer.

Archibald D. Nelson, Jerseyville.

Archie M. Wells, Rockport.

Louis H. Koch, Tremont.

Myrtle Schmitt, Troy.

Edwin G. Meyer, Valmeyer.

Lyman K. Shawler, West Union.

Floyd E. Watts, Winnetka.

INDIANA

Richard W. Troyer, Churubusco.

IOWA

Francis Wayne Harbour, Bedford.

Arlis L. Kinseth, Bode.

Forrest T. Edwards, Eldridge.

Lyle A. Spencer, Kellerton.

Reed L. Blankinship, Ottumwa.

John D. Hartzler, Pulaski.

KANSAS

William L. Harp, Garden City.

Harold Robert McFarlane, Hesston.

Richard A. Decker, Oskaloosa.

Howard R. Brickey, Pratt.

Frank H. Chesky, Sterling.

LOUISIANA

Thomas L. Ducrest, Jr., Broussard.

Myrtle S. Busch, Longleaf.

Aubrey E. Morse, Rosebud.

MAINE

Earl G. Folster, Great Works.

Paul H. Stone, North Windham.

William D. Halloran, Presque Isle.

MARYLAND

Lester S. Rudacille, Daniels.

Charles H. Messick, Ridgely.

William G. Palmer, Savage.

MASSACHUSETTS

Sidney C. Perham, Chelmsford.

Frank Wesley Garan, North Truro.

Donald R. Biron, Pittsfield.

Gerald N. Wheeler, Richmond.

MICHIGAN

Marie Hope, Lake Leelanau.

Lyle B. Austin, Lansing.

Virginia G. Sorum, Morley.

Joseph H. Benkert, Reed City.

MINNESOTA

Laurel D. Sherman, Angora.

Elmer T. Requa, Austin.

Russell J. Slade, Babbitt.

Duane T. Dueffert, Butterfield.

Mabel F. Wester, Floodwood.

Bernard J. Petroski, Grand Marais.

Raymond L. TeHennepe, Leonard.

Donald E. Eklund, Marine on St. Croix.

Warren O. Johnson, McGregor.

Leo L. Pratt, Merrifield.

Carl W. Lehman, Montgomery.

Melvin S. Dalby, Solway.

Marvil C. Nelson, Winnebago.

MISSOURI

Donald L. Bess, Bloomfield.

John B. Chipp, New Hampton.

NEBRASKA

Margaret Z. Fox, Kilgore.

Raymond L. Crosier, Oakdale.

Curtis S. Haddix, Western.

NEW HAMPSHIRE

James Martin Fortier, Center Conway.

NEW JERSEY

John R. Hendricks, Dividing Creek.

Florence M. Letts, Hohokus.

Ernest P. Billow, Hope.

William L. Fylstra, Little Falls.

William J. Dorgan, Palisades Park.

Robert H. Thomson, South Branch.
James W. Harris, Surf City.

NEW YORK

Leonard T. Gadwood, Oswego.

NORTH CAROLINA

Neece N. Osborn, Jamestown.
Clay T. Lefier, Matthews.
Charles T. Burke, Wilmington.

OHIO

Eugene H. Lillibridge, Burton.
Bernice E. Bridges, Conover.
Ralph J. Walters, Deerfield.
William D. Smallwood, Londonderry.
John L. Hall, Orwell.
Frank Cleland, Racine.
Elmer J. Evans, Wellsville.
Otto J. Landefeld, Willard.
Lloyd Eugene Bush, Williamsport.

OREGON

Eldon L. Lee, Yoncalla.

PENNSYLVANIA

Joseph P. Shurilla, Custer City.
John F. Woodruff, Devon.
Hazel L. Kane, Garland.
Robert J. Drake, Hawley.
Daniel Hobart Cope, Jonestown.
Leon L. Nicholas, Kunkletown.
James A. Bleakly, Merion Station.
Archie C. Kline, Mont Alto.
Herbert M. Dissinger, Mount Gretna.
Marshall L. Sterne, Oxford.
Maurice A. Nordberg, Philipsburg.
Charles P. McGuigan, Red Lion.
Thomas N. Asa, West Brownsville.

SOUTH CAROLINA

Haskell M. Thomas, Florence.
Joe G. Flowers, Lake View.
John G. Evans, Six Mile.

SOUTH DAKOTA

Russell C. Birkeland, Dupree.
Sarah J. Stadem, Henry.
Frederick L. Bellum, Timber Lake.

TENNESSEE

Jimmie M. Leach, Atwood.
William A. Logan, McDonald.

TEXAS

Oliver A. Koenig, Aubrey.
Charles C. Barton, Bertram.
Arthur Bergmann, Comfort.
Ellis D. Beck, Cushing.
Robert Edgar Hutchins, Greenville.
Calvin D. Rippetoe, Lipan.
William R. Bellamy, Lockhart.
Frances C. Hutson, North Cowden.
Paul L. Morrison, Pecos.
Areland Stricklen, Redwater.
James A. Lewis, Rio Hondo.
Josephine L. Moore, Roxton.
Montie A. Moss, Sanford.
Virgie Lou Smith, Tornillo.
Floyd Z. Pannell, Tulia.
Willard S. Thomas, Weatherford.
R. S. Sanders, Weinert.

UTAH

Jessie S. Neilsen, Lark.
Eugene R. Carter, Moab.
Edon R. James, Providence.

VERMONT

Stillman L. Needham, Bridgewater.
Luther A. Prescott, Essex Junction.

VIRGINIA

John B. Robertson, Hurt.

WASHINGTON

William L. Hickey, Bucoda.
Francis M. Moses, Centralia.
Leland H. Jensen, La Conner.
Earl D. Kelley, Newport.
Will K. Munson, Sunnyside.
Oscar L. Hanson, Vancouver.
Paul L. Carey, Woodland.

WEST VIRGINIA

Margaret W. Cook, Berwind.
Dorsey H. Wilson, Fort Spring.

Bessie L. Cormany, Malden.
Delbert C. Kines, Moatsville.
Janet A. Sisson, Sissonville.

WISCONSIN

Margaret P. Webb, Barronett.
Philip H. Moe, Chetek.
Mae G. Ashley, Doylestown.
Oscar F. Paulson, La Crosse.
Lyle E. Dye, Mazomainie.
Lucile A. Farness, Morrisonville.
Myron T. Schroeder, Oneida.
Ernest Ivan Wilson, Poynette.
Joe A. Petersen, Tony.

HOUSE OF REPRESENTATIVES

FRIDAY, JULY 2, 1954

The House met at 10 o'clock a. m.
The Chaplain, Rev. Bernard Braskamp,
D. D., offered the following prayer:

Almighty God, humbly and confidently, we are again turning unto Thee in the sacred attitude of prayer, mindful of Thy blessings in all our yesterdays and encouraged by Thy gracious promises of help for each new day.

May we appreciate more fully that of no one else can we ask so much and none other is so able and willing to supply our many needs.

Grant that we may have a clear vision and understanding of our problems and the realities of life, seeing them in their right perspectives and proportions and daring to face them bravely.

May the spirit of our minds and hearts always be the spirit of integrity and justice, of unity and charity, and sympathy for all who are baffled and dismayed by the vicissitudes of life.

In Christ's name we bring our petitions. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Ast, one of its clerks, announced that the Senate had passed without amendment a bill and joint resolutions of the House of the following titles:

H. R. 9315. An act to provide for an extension on a reciprocal basis of the period of the free entry of Philippine articles in the United States;

H. J. Res. 256. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at the First International Instrument Congress and Exposition, Philadelphia, Pa., to be admitted without payment of tariff, and for other purposes;

H. J. Res. 537. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at the Washington State Fourth International Trade Fair, Seattle, Wash., to be admitted without payment of tariff, and for other purposes;

H. J. Res. 545. Joint resolution to permit articles imported from foreign countries for the purpose of exhibition at the International Trade-Sample Fair, Dallas, Tex., to be admitted without payment of tariff, and for other purposes;

H. J. Res. 552. Joint resolution making temporary appropriations for the fiscal year 1955, and for other purposes; and

H. J. Res. 553. Joint resolution to amend the act of June 30, 1954 (Private Law 495, 83d Cong.).

The message also announced that the Senate had passed a concurrent resolution of the following title, in which the concurrence of the House is requested:

S. Con. Res. 93. Concurrent resolution to express deep sympathy of Congress to people stricken by floods along the Rio Grande.

The message also announced that the Senate had adopted the following resolution (S. Res. 274):

Resolved, That the Senate has heard with profound sorrow and deep regret the announcement of the death of Hon. Hugh BUTLER, late a Senator from the State of Nebraska.

Resolved, That the President of the Senate appoint a committee, of which he shall be a member, to attend the funeral of the deceased Senator.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That, as a further mark of respect to the memory of the deceased Senator, the Senate do now adjourn.

SUSPENSION OF DUTIES AND IMPORT TAXES ON METAL SCRAP

Mr. REED of New York. Mr. Speaker, I ask unanimous consent that the Committee on Ways and Means may have until midnight tonight to file a report on the bill (H. R. 8155) to continue until the close of June 30, 1955, the suspension of duties and import taxes on metal scrap, and for other purposes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

CALL OF THE HOUSE

Mr. VAN PELT. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Obviously a quorum is not present.

Mr. HALLECK. 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. 95]

Angell	Fino	Machrowicz
Bentsen	Gamble	Mason
Bonin	Hart	Miller, N. Y.
Boykin	Heller	Morrison
Broyhill	Hillings	Perkins
Buckley	Hinshaw	Powell
Burdick	Johnson, Calif.	Prouty
Busbey	Kearns	Regan
Chatham	Keogh	Secrest
Chudoff	Kersten, Wis.	Shafer
Curtis, Nebr.	Klein	Sutton
Dingell	Long	Welchel
Dodd	Lucas	Wilson, Tex.
Feighan	Lyle	

The SPEAKER. Three hundred and ninety-four Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

SPECIAL ORDER GRANTED

Mrs. ROGERS of Massachusetts asked and was given permission to address the House for 5 minutes today, following the legislative program and any special orders heretofore entered.