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**"A most informative statement in regard to the early history of the income-tax law was recently written by Mr. F. Morse Hubbard, formerly of the legislative drafting research fund of Columbia University, and a former legislative draftsman in the Treasury Department. This compilation of information concerning our income-tax law is so well written that I am making it a part of my statement and the record:"**[see image #2]

**[Mr. Hubbard:] "The income tax is, therefore, not a tax on income as such. It is an excise tax with respect to certain activities and privileges which is measured by reference to the income which they produce. The income is not the subject of the tax: it is the basis for determining the amount of tax."** [see image #5]

**Image #1**

Many economists and tax authorities have offered various proposals to get our taxes on a current basis. One of the original sponsors of a pay-as-you-go tax plan and an outstanding tax authority in the United States, Mr. Beardsley Ruml, of New York City, has proposed the plan which has received Nation-wide approval. It is commonly referred to as the Ruml plan. Mr. Ruml is Chairman of the Federal Reserve Board of New York and treasurer of R. H. Macy & Co., Inc. He was first formerly associated with the administrative branch of the Federal Government in 1930 as a member of Col. Arthur Wood's committee on employment, and more recently as adviser of the National Resources Planning Board. He has also served as a member of the advisory committee of the Division of Cultural Relations of the Department of State, of the advisory committee of the Coordinator of Inter-American Affairs, and of the advisory council of the Department of Agriculture.

Mr. Chairman, before the end of Seventy-seventh Congress I began studying the problems connected with getting our tax payments on a current basis. I approached this subject with an open mind and studied every plan I could find. I can definitely state that, in my opinion, just criticism can be levied against any or all of them. It was after study and research that I reached the conclusion that the Ruml plan offers the best solution to our problem of getting taxpayers current.

Either the tax clock must be advanced 1 year or there must be a collection of 2 years' taxes in 1 year. My knowledge of the economic problems of the American people convince me that our taxpayers cannot pay 2 years' taxes in 1. In my study of this problem I discovered many interesting things concerning our income-tax law. Historically, our Federal income-tax law goes back to a bill signed by President Lincoln on August 5, 1861. It was first announced as a war-revenue

Image #2

measure and even at that early date one provision of the act provided for collections by withholding at the source. The act was carried on the statute books for several years. In its early stages it was definitely an excise tax or a duty and so construed by the courts. A most informative statement in regard to the early history of the income-tax law was recently written by Mr. F. Morse Hubbard, formerly of the legislative drafting research fund of Columbia University, and a former legislative draftsman in the Treasury Department. This compilation of information concerning our income-tax law is so well written that I am making it a part of my statement and the record:

**I. THE INCOME TAX IS AN EXCISE TAX, AND INCOME IS MERELY THE BASIS FOR DETERMINING ITS AMOUNT**

The first Federal income tax law was approved by President Lincoln on August 5, 1861, a little less than 4 months after the bombardment of Fort Sumter and the President's call for 75,000 volunteers, and less than a month after the disaster at Bull Run. It was distinctly a war-revenue measure. The act of 1861 (12 Stat. 292) provided for a tax to be levied, assessed, and collected in the year 1862, the tax to be based on income for the "preceding" year, that is, the year 1861. This tax, which was due and payable on or before June 30, 1862, was levied only for that 1 year.

In 1862, in order to meet the need continued war revenues, Congress passed second income-tax law. This act took effect on July 1, 1862, the day after the tax under the act of 1861 expired. The act of 1862 (Stat. 492) which used the word "duty" instead of "tax," provided that this duty shall be levied, collected, and paid in the year 1863 and in each year thereafter until including the year 1866 "and no longer" (sec. 62). Like the act of 1861 it provided that the tax (or duty) collected in each year should be based on the income for the "preceding" year (sec. 91). At the same time contained a provision for withholding at source, which will be referred to later on.

The general pattern of the act of 1862 was followed in the subsequent income laws of this period, namely, the act of June 30, 1864 (13 Stat. 222), and its amendments, and the act of July 14, 1870 (16 Stat. 256). Under each of these acts the tax to be paid in any given year was based on income for the preceding year, provision made for withholding at the source, and the tax was to be in effect only for a limited period. Under the act of 1864 the tax terminated in 1870, and under the act of 1870 the tax terminated in 1872.

The income on which the tax was levied was defined as income from all sources "whether derived from any kind of property, rents, interests, dividends, salaries, or any profession, trade, employment, or occupation" (act of 1864, sec. 116). Thus investment income, as well as other kind of income, was included in the basis for measuring the tax.

Image #3

In sustaining the Civil War income tax laws, the Supreme Court held that the tax based on income was not a direct tax but was an excise or duty and as such did not require apportionment among the States. *Springer v. United States* ((1880) 102 U. S. 595). This decision, rendered after the income tax had been thoroughly tested for a period of 10 years, represents a deliberate determination as to the fundamental nature of the tax.

The true character of the income tax was at the outset so firmly fixed in the minds of those charged with its administration that for 6 years the Treasury Department held that if a person died at any time between

January 1 of one year and the date when his return was due in the following year the income for such period was not subject to tax, even though he may have made a return of income before his death in advance of the due date (T. D. June 9, 1865, 2 Internal Revenue Record 54). This rule was not changed until 1867, when it was held that such income was subject to the tax and should be returned by the executor or administrator (T. D. Apr. 6, 1867, 3 Internal Revenue Record 109; T. D. Jan. 1, 1868, 7 Internal Revenue Record 59). See also *Mandell v. Pierce* (C. C. D. Mass. 1868, 15 Fed. Cas. 576). The change was doubtless prompted by two important considerations: first, the taxes expired by definite limitation within a very few years; and, second, persons whose tax had been withheld at the source would already have paid their tax up to the date of death. At any rate, the change did not involve any modification in the concept of the income tax as an excise tax based on income.

After a lapse of about a quarter of a century Congress again passed an income law. The act of 1894 (28 Stat. 509, Aug. 27, 1894) provided for a tax levied, collected, and paid "from and after January 1, 1895, and until the 1st of January 1900" (sec. 27). Like the Civil acts it provided that the tax should be on the "income received in the preceding calendar year." Although the Supreme Court held this portion of the act to be unconstitutional, it still recognized that the tax was in essence an excise tax. The Court said that a tax on income from business, privileges, or employments, standing by itself, would be valid as an excise tax; but a tax on investment income was held to be invalid because the Court regarded it as based on income from property as a tax on the property itself and therefore a direct tax which must be apportioned among the States (*Pollock v. Farmers' Loan and Trust* (1895), 157 U. S. 420; 158 U. S. 601). The Court said that to sustain a portion of the act while declaring the rest invalid, "we leave the burden of the tax to be borne by professions, trades, employments, or occupations; and in that way what was intended as a tax on capital would remain, in substance, a tax on occupations and labor. We can believe that such was the intention of Congress" (158 U. S. 601, 637). So the portion of the act relating to income was declared invalid.<sup>2</sup>

Image #4

There are still those who think that in this case the Court went further than necessary in treating a tax based on income from property as a tax on property itself, and that in any event the excise-tax principle should have been applied to rents and other investment income, as was done under the Civil War acts. In other words, the making and holding of investments, while perhaps not technically a business, is, at least, a kind of activity or privilege which can properly be subjected to an excise tax measured by reference to the income derived therefrom.

That investment income may be included as a part of the basis for measuring an excise tax was recognized by Congress in the act of August 5, 1909 (35 Stat. 11, 112). This act provided: "That every corporation \* \* \* shall be subject to pay annually a special excise tax with respect to the carrying on or doing business by such corporation, \* \* \* equivalent to 1 percent upon the entire net income over and above \$5,000 received by it from all sources during such year, exclusive of amounts received by it as dividends upon stock of other corporations \* \* \* subject to the tax hereby imposed; \* \* \*." Certain corporations, such as religious, charitable, and educational organizations, etc., were specifically exempted from the tax.

The tax imposed by this act was really an income tax in that it was based on net income, but was given the correct designation of "excise tax." It was imposed with respect to carrying on or doing business; and it should be noted that the basis was net income from all sources, except dividends from other corporations subject to the tax. Such dividends were exempted not because they

constituted investment income but because they represented income which had already been taxed. The sole test of taxability in this act was whether a corporation was engaged in business. If it was so engaged then all the income (except dividends, including investment income as well as of business income, was used in measuring tax. The Supreme Court held that that the tax was measured by net income and that income from nontaxable property or property not used in business was included in computing net income, did not prevent the tax from being construed as an excise which did not require apportionment. *v. Stone Tracy Co. et al.* (1911) 220 U. S.

So far as the objections raised in the lock case are concerned, the principle applied to corporations under the act of 1909, with the approval of the Supreme Court, have been extended to individuals engaged in business. In that way investment income of most individuals as well as of corporations could doubtless have been brought under terms of the act. And the field of income could have been completely covered by applying the principle that the ownership, management of investment property activity or privilege with respect to which Congress may impose an excise.\*

However that may be, Congress can remove all doubt by an amendment to the Constitution. The resolution embodying proposed amendment (S. J. Res. 40, 86 184; 61st Cong., 1st sess.) was deposited in the Department of State on July 31, 1909, a few days before the act of 1909 was approved by the President. The amendment was ratified and became effective as the sixth

amendment on February 25, 1913. (Secretary of State's Certificate of Adoption, 27 Stat. 1726).

The sixteenth amendment authorizes the taxation of income "from whatever source derived"—thus taking in investment income—"without apportionment among the several States." The Supreme Court has held that the sixteenth amendment did not extend the taxing power of the United States to new or excepted subjects but merely removed the necessity which might otherwise exist for an apportionment among the States of taxes laid on income whether it be derived from one source or another.<sup>3</sup> So the amendment made it possible to bring investment income within the scope of a general income-tax law, but did not change the character of the tax. It is still fundamentally an excise or duty with respect to the privilege of carrying on any activity or owning any property which produces income.

The income tax is, therefore, not a tax on income as such. It is an excise tax with respect to certain activities and privileges which is measured by reference to the income which they produce. The income is not the subject of the tax: it is the basis for determining the amount of tax.<sup>4</sup>

The purpose of the income tax is to raise revenue in the year of its levy. It is a method by which some of us make annual payments on account of the governmental expenses and the public debt of all of us—contributions to a common fund to preserve the blessings of liberty. The great French political philosopher and jurist, Montesquieu, stated the fundamental principles of taxation as follows:

"The revenues of the State are a p that each subject gives of his prope order to secure, or to have the agr enjoyment of, the remainder." (Spi Laws, book XIII, chap. 1.)

The income tax is now a permanent of our tax structure, and is designed t vide for such contributions, or payi year after year, indefinitely. The tax any given year is the tax which is to p revenue for that year. Strictly spe than, the "1942 income tax" was th payable in 1942; and the "1943 incom is the tax payable in 1943.

The amount of the payments for an; is determined by applying certain ra a specified basis. Both of these facto matters of legislative policy. Congres fix any rates which are not confiscator may adopt any basis which is reaso Hitherto the previous year's incom been used as the basis. But the ba well as the rates, may be changed a time. In these matters of policy, the stitution, both before and since th tenth Amendment, has left to Co practically unrestricted freedom of cho

Image #6 [End]

It must be remembered that the Court was not appraising economic theories, but was construing provisions of the Constitution. The first related to the power of Congress:

"To lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defence and general welfare of the United States; but all duties, imposts, and excises shall be uniform throughout the United States" (art. I, sec. 8, subdiv. 1).

The second was the provision that:

"No capitation, or other direct, tax shall be laid, unless in proportion to the census of enumeration herein before directed to be taken" (art. I, sec. 9, subdiv. 4).

Thus the Constitution made a distinction between "taxes" on the one hand, and "duties, imposts, and excises" on the other. Uniformity was required in the case of the latter, whereas apportionment according to population was required only in the case of "taxes." The only taxes generally regarded as "direct" were poll taxes and taxes on property. The only direct taxes which had been imposed by Congress prior to 1894 were taxes on lands, houses, and slaves. See Foster and Abbott, *A Treatise on the Federal Income Tax under the act of 1894*, pp. 27 ff. The Court had no difficulty in classifying a tax on income as an excise tax. Its objection to the act of 1894 was doubtless based on the theory that a tax on rents was not in reality an

income tax but was a direct tax on land buildings. (See Foster and Abbott, op. pp. 117-118.)

That such is the case is clearly indicated by the recent provision in the Revenue act of 1942 which allows deductions for tax incurred in the management of investment (sec. 121). The retroactivity of this provision suggests not merely the declaration of a new policy but the recognition of a fundamental principle.

*Brushaber v. Union Pacific Railroad* ((1916) 240 U. S. 1); *William E. Peck v. Lowe* ((1918) 247 U. S. 165); *Eisner v. Barber* ((1920) and 252 U. S. 189).

"If the tax should be construed as on income as a specific fund the disavowance of the fund before the date of payment would prevent the collection of tax. (See Foster and Abbott, op. cit.)

"If the income is merely the measure of the tax, it is clearly quite immaterial whether the income that is adopted as a measure is that of the past, or of the present, the future, provided only it is practically ascertainable." (Foster and Abbott, op. p. 87.)

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own failure to protect our island outposts in the Pacific, carry a lesson that we dare not forget when peace comes.

If we descend to the folly of the isolationists, and put our trust in the good intentions of our fallen enemies, the next generation of Americans, forgetting Pearl Harbor, may be rudely awakened from their dreams of peace and be summoned to battle with a still more bitter slogan, "Remember Panama."

### Duplicating Taxes

#### EXTENSION OF REMARKS OF

**HON. THAD F. WASIELEWSKI**

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, March 30, 1942

Mr. WASIELEWSKI. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following editorial from the Milwaukee Journal of March 27, 1942:

#### DUPLICATING TAXES

The American Federation of Labor proposes a joint conference of representatives of Federal, State, and local governments with a view to agreement on respective fields of taxation. It points out that at present there is considerable overlapping, with two or more governments using practically every type of tax. It proposes that agreement be reached as to which government shall have the exclusive right to each tax.

Such conferences have been proposed time and again in the past, but nothing has come of the proposals. Instead, year after year the conflict has grown worse. Now, when one government figures out some new tax scheme the others are almost sure to eye it speculatively, hoping eventually to share in its benefits.

There are today nine major tax bases in this country. One of the these—the tax on pay rolls—is at present exclusively Federal. Two others—the motor-vehicle license fee and the sales tax—are almost exclusively State. The others are shared by two levels of government. Income, liquor, estate, gasoline, and cigaret taxes are shared by the Federal and State Governments. The property tax is shared by State and local governments.

Since the Federal Government never worries about State taxation in any field and the State government never worries about Federal taxation in that field, there is always a possibility that the combined demand will become excessive.

The American Federation of Labor is concerned about this at this time because of the proposal for a Federal general sales tax. It points to the fact that many States already have this type of taxation, and fears that, if the Federal Government enters the field, the total of sales taxes will be too much for the underprivileged, who pay more than their share of such "regressive" taxes.

The American Federation of Labor urge for a conference comes late—too late presumably to be of much help in determining what our Federal taxes shall be for this year and next. It is a good suggestion just the same and should be acted on by Congress. Even in these busy war days, it should be possible to spare a bit of time to go into a matter which, as taxes rise, is becoming increasingly important. No really fair tax program can be evolved by any government until the whole field is divided, with no two levels levying taxes on the same things at the same time.

### Uncle Sam and Job Insurance

#### EXTENSION OF REMARKS OF

**HON. THAD F. WASIELEWSKI**

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Monday, March 30, 1942

Mr. WASIELEWSKI. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following editorial from the Milwaukee Journal of March 21, 1942:

#### UNCLE SAM AND JOB INSURANCE

Many Wisconsin people—employers, labor leaders, and others—have written Members of Congress and of the administration to protest Federalization of unemployment compensation. They know that the Wisconsin plan, which effects job stabilization through segregated accounts under experience rating, would be lost if the Federal Government should assume control. They are rightly alarmed at that prospect.

A number of these Wisconsin people have now received answers from Washington. Nearly all these answers include what is apparently felt to be the final and incontrovertible argument—unemployment is national and does not follow State lines, therefore unemployment compensation must also be national to be effective.

Let's analyze that argument a bit.

It is true, of course, that, while employment may drop more in one locality than in another, unemployment tends in the long run to be general. One section may feel a depression earlier than another, but after a while differences in the incidence of unemployment are small.

The first part of the Federal argument is, therefore, roughly true.

It does not follow, however, that, because unemployment tends to be national, the remedy has to be national. Disease and poverty tend also to be national afflictions, but a federally handled attack on these problems would be needlessly costly and needlessly complicated.

The reason for this is simple. While the problem may be national, the people and their circumstances differ from State to State and from community to community. What would be an effective remedy in one place might not be at all effective in another. A distant control means an "average" control. Distant administrators are not interested in local differences and could not discover them if they had the interest.

Relief, needed everywhere to some degree in the country, is today a local responsibility. It is fortunate that it is, for what is adequate relief in Florence County, Wis., would by no means be adequate in New York City. Florence County, with financial assistance from higher up, can do for its people what will be best for those people, all things considered. There can and should be some dictation of standards, but the job belongs at home—for effectiveness as well as for economy.

In unemployment compensation Wisconsin has elected to stress job stabilization rather than indemnification for job loss, although it pays as well as most other States when jobs are actually lost. Wisconsin has accomplished to an astonishing degree the job stabilization it set out to accomplish. It was able to do so because of the nature of its people and because of the nature of its industries. Both employers and organized labor, when the advantages of the Wisconsin plan were understood, united to put them over.

The Wisconsin plan might not work in some other States. It might not work nationally.

But it works here. It is what we want. It better suits our conditions than any other plan. It actually decreases seasonal and other lay-offs, greatly increasing the annual income of thousands of workers. That is a worthwhile accomplishment.

It would be folly to federalize and thus lose these benefits when we would gain no others. It would be folly to federalize when it is perfectly clear that our loss would not mean gain for others.

### Telegram From Carpenters' Local Union No. 1098, Baton Rouge, La.

#### EXTENSION OF REMARKS OF

**HON. JARED Y. SANDERS, JR.**

OF LOUISIANA

IN THE HOUSE OF REPRESENTATIVES

Monday, March 30, 1942

Mr. SANDERS. Mr. Speaker, last Saturday, I received a telegram from Mr. R. O. Middleton, secretary of the Baton Rouge Building Trades Council, suggesting the possibility of civil war in the event certain legislation were passed by the Congress. This telegram and my reply were placed in the CONGRESSIONAL RECORD that same date—Saturday, March 28, 1942.

Today I am in receipt of a resolution adopted by the Carpenters Local Union, No. 1098, Baton Rouge, La., as set forth in a telegram from Mr. J. D. Weaver, business manager for said local and vice president Louisiana State Council of Carpenter., A. F. of L. affiliate. This resolution and this telegram I am convinced represents the true sentiments of this membership.

I know personally most of the members of organized labor in my home city of Baton Rouge and, in fact, throughout the district which I have the honor to represent. Many of these men are warm personal friends of mine and I honor their friendship. I have visited in their homes and they in mine. They are typical of the finest type of American manhood to be found anywhere. Many of them served in defense of our country during the last war—some of them with me in France. Their sons and younger brothers are today serving in our armed forces in defense of our country. Like all real Americans they are men of strong convictions which they maintain within the framework of our laws and Constitution. I will always defend these people from any attack made to me or in my presence that would impugn their loyalty and patriotism.

The telegram which I have received from Carpenters Local Union, No. 1098, Baton Rouge, through their business manager, Mr. J. D. Weaver, is, I believe typical of the sentiments entertained by organized labor throughout my section. Therefore, Mr. Speaker, under leave to extend my remarks, I ask that this telegram be published in the CONGRESSIONAL RECORD.

The telegram in question reads as follows:



tempts at solution of them I have noticed that he has approached them from the viewpoint of the best interest of his district and of the Nation. His record stands as a mute monument to his unflagging zeal and unflinching attention to his work.

Over the period of the years my friend from Missouri has made many fine friendships which he leaves behind in the House of Representatives. We shall not forget him; and as he returns home and pursues the avocation for which he has expressed such an ardent desire we who remain wish him all kinds of pleasure and happiness back there in the hills of his grand State and among his family and his friends.

Mr. ROBSION of Kentucky. Will the gentleman yield?

Mr. NELSON. I yield to the gentleman from Kentucky.

Mr. ROBSION of Kentucky. Mr. Speaker, I was here a short time before the gentleman, but I have served with him for many years. There is no Member with whom I have served for whom I have had a more kindly feeling or greater respect than I have for the gentleman from Missouri. I know that he will carry back to Missouri with him the regards, affection and esteem of those on both sides of the aisle of this great body.

Mr. NELSON. I am most appreciative of those kind words, more especially so coming from my long-time friend from Kentucky. The fact that the center aisle divides us makes no difference when it comes to real friendship.

Mr. PIERCE. Will the gentleman yield?

Mr. NELSON. I yield to the gentleman from Oregon.

Mr. PIERCE. Just a word, in addition to what has been said. My acquaintance with the gentleman from Missouri commenced in this House. I have been highly pleased at the interest he has taken in public affairs and the work he has done. It is to be regretted that when these great waves of public sentiment set in all over the country they remove very often from public life some of the real men who should be left in office. It seems when that comes the people do not want to be convinced. They get just a little impression and they go off in a tidal wave. I am among the fallen myself, but I deeply regret that the same fate befell the brilliant Congressman from Missouri.

Mr. NELSON. I appreciate those words, and may I say to the gentleman from Oregon that I wish he might have stayed and I might have gone.

[Here the gavel fell.]

#### PERMISSION TO ADDRESS THE HOUSE

Mr. PIERCE. Mr. Speaker, I ask unanimous consent that on Friday next, the 27th of November, I may be recognized for 30 minutes after the business on the Speaker's desk and other special orders have been disposed of to speak on reminiscences of past elections.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oregon [Mr. PIERCE]?

There was no objection.

The SPEAKER pro tempore. Under a previous special order, the gentleman from New Jersey [Mr. McLEAN] is recognized for 20 minutes.

#### PAY-AS-YOU-EARN INCOME TAXES

Mr. McLEAN. Mr. Speaker, March 15, 1943, will be a day of confusion which may well develop into demoralization. This is the day on which payments will be due under the 1942 tax bill. Of course, payments can be made prior to that date, but it is not likely many people will take advantage of the privilege.

In the enactment of the bill Congress proceeded with the single purpose of raising revenue. Little if any thought was given to the resulting hardships to the taxpayer, the fact that all Federal taxes must be pyramided upon local taxes, and the desirability of facilitating payment by some plan to ease the burden.

We have increased the number of taxpayers, we have added new taxes, and we have increased rates. By various sorts of exemptions, credits, and deductions we have complicated the procedure by which tax liability is to be arrived at, but we have made no changes in the obsolete method of assessment and collection. Such changes are necessary to ease the burden for the taxpayer and to avoid losses of revenue which are bound to result from antiquated methods.

Personal income taxes should be paid out of current earnings or according to some pay-as-you-earn plan.

To meet this situation the following suggestions, which are contained in bills I have introduced in the House, are offered:

First. Personal income taxes should be payable in monthly installments, the first installment to be paid on or before the 10th day of February.

Second. The base for fixing the amount of the tax should be changed so that the taxes would be determined on the anticipated income for the current year rather than upon the income of the previous year, as under existing law.

Third. Persons subject to the tax should file at the beginning of the year a tentative return of anticipated income for the current year, accompanied by payment of one-twelfth of the amount shown to be due, and continue such partial payments monthly. At the time of final payment a definitive return of income actually received would be filed, accompanied by payment of the balance, adjusted to the whole amount due for the entire year.

Fourth. Collection of personal income taxes should be decentralized. In the more populous centers where field agents of the Department are now located, a cashier could be designated. In less populated districts the postmaster could make collections with the facilities he now has as manager of the Postal Savings System. This would replace the present practice of many taxpayers of purchasing postal money orders with which to make payment of income taxes.

Fifth. Compulsory payment by the employer deducting taxes from employees' pay envelopes should be avoided. Such

a practice reflects no credit on our boast of the success of democracy. A local government agent with information of factory pay rolls at his disposal can accomplish the same purpose and preserve to the taxpayer his inalienable rights of citizenship to participate in governmental affairs.

Sixth. It may appear that this program will require payment of 2 years' taxes in one. Mr. Beardsley Ruml has suggested the cancellation of the taxes for the previous year. It has been made to appear that this suggestion would result in a loss of 1 year's taxes to the Treasury with a resulting windfall to the taxpayer.

I have suggested that the previous year's taxes be deferred payable at the convenience of the taxpayer or subject to regulations promulgated by the Treasury Department, meanwhile to remain a lien on the estate of the taxpayer, any balance to be collectible with inheritance taxes.

After all, there is justification for the argument that the taxes we pay really apply to the current year, and that the income of the previous year enters into the program only as the base or measure for the determination of the tax. If that argument can be sustained, it disposes of any need for concern over any supposed unpaid income taxes.

The language of the act, which is the Tariff Act of 1913, under which income taxes originated, is as follows:

There shall be levied, assessed, collected, and paid annually upon the entire net income arising or accruing from all sources in the preceding calendar year, to every citizen of the United States whether residing at home or abroad, etc., \* \* \* and a like tax shall be assessed, levied, collected, and paid annually upon the entire net income of all property owned of every business, trade, or profession carried on in the United States by persons residing therein.

It will be noted that the act does not specify to what year the tax shall apply. It merely says that it shall be collected and paid annually, and it would seem that what Congress had in mind was that such annual tax should apply to the year in which it was paid and that the income of the previous year was simply the measure or the base by which the amount of the tax should be determined. The first payments under this act were made in 1914. They were taxes collected for the year 1914, and, by the construction of the act which I have suggested, were taxes which should be applied to that year, and the income for 1913 was fixed merely as the base or the measure by which 1914 taxes should be determined; consequently, under present law we will pay our 1943 taxes, measured by the income received in 1942. The change which I have suggested would base our 1943 taxes on an estimate of anticipated income for the current year, with an adjustment at the end of the year to income actually received, rather than upon the actual income received in the preceding year. Such change in procedure will, in no way, affect the Government's income. Everybody will pay income taxes in 1943, as they did in 1942 and as they will in

1944. Even a hypothetical cancellation of the taxes for a preceding year will not be too much of a price to be paid for the benefits resulting to the Federal Government and the convenience to the taxpayers in permitting them to get on a current basis and pay their taxes in monthly installments.

Our Government is now, as a part of its anti-inflation program, discouraging the practice of installment purchases. By continuing the antiquated and obsolete method of collection of income taxes, it does not set a good example.

I have said that no change in the method of the collection of taxes has been made since 1913. This is not quite true, because we have adopted the use of tax-anticipation notes, upon which the Government pays interest, which the taxpayer can buy for use in the payment of taxes, and also we have added to our tax system the compulsory payment of what is known as the Victory income tax. The Victory income tax is made payable out of 1943 incomes, so that on the theory that we pay in the current year taxes for the previous year, we now have two income taxes. We have an income tax on the theory that we are paying for the 1942 income, the first payment of which shall be made on the 15th of March 1943, and we have a Victory tax which is payable out of 1943 income, and which is to be deducted by the employers from the earnings of all employees, the payment of which will begin on January 1. So that instead of facilitating the collection of taxes and simplifying our system, we have added confusion, and instead of easing the burden to make collection of taxes easier, we have made it more difficult, and consequently built up a greater resistance to tax payments. By adopting the system that I have suggested, the practice of issuing tax-anticipation notes and all of the expense incident thereto can be eliminated. As it is now, our present income taxes will amount to \$10,000,000,000 annually. Five billion dollars is to be added by the new bill.

The first collection, except for the Victory tax, will be made on the 15th of March, when we will get one-fourth and so on quarterly through the year. Under my plan we would collect one-twelfth of this \$10,000,000,000 on the first of February, and one-twelfth of it monthly thereafter. The advantages to the Government are obvious as are the advantages to the taxpayer in making monthly installment payments out of current income.

The program which I have suggested of anticipating taxes follows the New Jersey system for the payment of real estate taxes. We had a system somewhat comparable to that which now exists in the Federal Treasury. Real estate taxes were not payable until December of the taxable year. In the meanwhile a municipality would borrow money in anticipation of the collection of its taxes. This was an added burden to the municipality and a worry to the taxpayer to raise his entire tax at the end of the year. Under the present system the taxpayer is sent a bill in the month of January for the first half of his taxes

for the current year. The bill is based on the taxes of the previous year. His first payment is made in February, his second in May. In the meantime the budget is arranged, the tax rate is fixed, and a corrected bill based upon the budget estimate for the current year is sent to the taxpayer, and the taxes are paid for the last half of the year on the adjusted or corrected basis in the months of August and November. Thus the municipality has the use of the money when it is needed; the taxpayer has the convenience of paying in installment payments out of his current income. The system has worked out to the complete satisfaction of everyone.

There should be no difficulty in the taxpayer being able to approximate his income for the current year and making payment upon that basis. If any contingency arises which would increase or decrease the taxes, adjustment can be made during the year by the filing of amended returns. The privilege of making adjustments at the end of the year to the amount actually received will obviate the necessity of making claims for refund, and will eliminate the bother incident thereto, to the advantage of the Government as well as the taxpayer.

In any system of taxation we must anticipate the cost of collection. In the plan I have outlined I am satisfied that the entire collection under this plan can be made without adding any employees to the Government pay roll. We already have an army of field agents throughout the country, any one of whom is capable of acting as cashier, and could be designated as such, and we have the Federal buildings where they can house themselves to make these collections. As a matter of fact, many taxpayers now use the post offices. I have personal knowledge that at the Elizabeth, N. J., post office at the last income-tax collection period there were upward of a thousand money orders sold. Ordinarily the number of money orders sold at that post office on those days is 200. It was well known that taxpayers were purchasing these money orders for the purpose of making payment of their income taxes.

When it is realized that all these Federal taxes must be pyramided upon what our citizens have to pay for local taxes, it is not difficult to visualize the hardship that is going to result. I refer particularly to that large class of people who are on salary, familiarly known as the white-collar man, whose income has not increased under present conditions and ordinarily remains stable. They try to maintain a respectable habit of life. Their principal object is to own their own homes. They are purchased with purchase money mortgages. In addition to interest and local taxes, they have insurance premiums to pay, and they have demands upon them for the education of their children; they must live according to a fixed station in life, sometimes bordering at a point above their ability to pay. They are people, in most instances, who are educated and whose children are entitled to have college educations. We all know the ex-

pense of a college education and the burden it is upon the salaried people in the metropolitan areas of our country.

So my appeal to the Congress is to change the method of payment so that this vast army of people may have the benefit of installment payments and live on their income and pay as they go as they try to do, by budgeting their accounts. By this method that I have suggested you will also reach the new taxpayer who has given the Congress so much concern—those people not heretofore taxable who are making very large incomes under present abnormal conditions. The machinery which I have provided will enable the local tax collectors to reach all of those who are making enhanced incomes and who we fear are not going to be definitely settled in any particular place. The local tax collector, aided by the pay rolls from neighboring factories, will be able to determine who is liable to pay taxes, and if the tax is not paid at the end of the month can, by existing machinery, levy upon the income for the next month. One or two experiences of that kind will teach any man what his duty is to his government and he will pay future installments regularly.

The only resistance that there can be to any plan for the payment of income taxes currently is this fear of bringing about the payment of 2 years' taxes in one, or giving the large taxpayer a windfall. As I have said, there are means whereby that can be deferred and made a lien upon the estate, but the more I study it and the more I think about it the more I am convinced there can be no windfall, or that there can be any concession to any taxpayer, because the taxes now paid are the taxes for the current year, and the previous year only enters into it as a measure or base for the amount to be paid.

This matter is entitled to very serious thought and prompt attention. Our time is short, and we ought to reconstruct our method of collecting income taxes before the 15th of March when the new law goes into effect. In fact, we should have it arranged so that on the 1st of February when a man knows what his income is going to be as a result of the experience had in the month of January, some such improved system such as I have suggested can become effective.

Mr. MARTIN J. KENNEDY. Mr. Speaker, will the gentleman yield?

Mr. McLEAN. I yield to the gentleman.

Mr. MARTIN J. KENNEDY. I have listened very carefully to the gentleman and I have enjoyed his remarks. The gentleman seems to object to the fact of salary reduction or tax deduction on the theory that it would violate the dignity of the worker by taking it out of his pay roll and not trusting him.

Mr. McLEAN. Yes.

Mr. MARTIN J. KENNEDY. But does not the gentleman think that unless we do something of that sort, mindful of your suggestion about calling upon him a month later to show that he paid it or by filing some statement, that the very

man you are trying to reach will have disappeared and the tax will have gone with him?

I agree with the gentleman. I am very much opposed to the employer's deducting that money, because, the first thing you know the employee will presume that he is not getting his full salary and the employer will be put in the position of having taken it away from him. In spite of that, however, the situation is so urgent that we may have to adopt this emergency plan even though our pride be hurt and our dignity somewhat trampled, but a great deal of good will be accomplished.

Mr. McLEAN. I feel that when we speak about the gentleman who is going to vamoose and do his Government out of the tax we are speaking about a very, very small minority of loyal American citizens. We cannot reach perfection; there are always going to be defects in every system, but as I know the American workman in my neighborhood, and as I know the average American citizen, the losses resulting by reason of an employee's running away from his obligation, getting out of the community with his wages without payment of taxes will be very small and, besides, in course of time you are bound to catch up with him, and do we not have the social security and unemployment taxes whereby he can be reached?

I fear this compulsion in our American life. The gentleman remembers the coal strike of 1904 when Theodore Roosevelt was President. What brought about that strike was the fact the mine workers in Pennsylvania were compelled to buy all their supplies from the company store. They never saw a dollar of their money; all they got was a receipt. As a result of the resentment that caused that strike the company store ceased to exist. At the present time we deduct from the pay roll of these men their social-security taxes. In many cases they have group insurance and we deduct the premium for that from their salaries. In many places they all subscribe to community-welfare funds and their subscriptions are deducted.

Mr. MARTIN J. KENNEDY. And War bonds also.

Mr. McLEAN. And at the present time we have a system for the purchase of War bonds, payments for which are deducted from the pay roll. In some places there is also deducted hospitalization, and I am informed there are many factories where union dues are also taken out of the pay envelopes and turned over to the union leaders. How far are we going in pyramiding the deductions taken out of the pay envelope of the American worker? Does it not make the gentleman think of things that have happened in other countries?

Mr. MARTIN J. KENNEDY. I, like the gentleman, of course, am very much opposed to it, but we are going to introduce to the paying of taxes hundreds of thousands, perhaps millions, of people who never paid before because of the exemptions. They will have to be brought into the fold; they will have to be acclimated to making out returns and paying. It is a difficult thing. People

do not rush in and pay. The gentleman knows this from the way the average person pays his normal bills. I have a high regard, as does the gentleman from New Jersey, for the average worker, but we are in no place to think too minutely of overrefinement. The men are employed for a day or 2 days at a time and work by numbers instead of by name. There is a tremendous turn-over of such labor, and large sums of money are involved in such pay rolls; so in my opinion, regardless of the merit of it, or lack of merit, it will be the only sure way we can adopt whereby this tax will be collected.

Mr. McLEAN. Another thought that comes to my mind is the desire of having the average citizen tax minded, and the best way to educate the average individual in citizenship is through the payment of taxes. Deprive him of this privilege and you deny the country the benefit of the education resulting and the interest which an individual making tax payments takes in governmental affairs. A higher value is placed on his citizenship by the individual who exercises the privilege of making payments for himself out of his own earnings.

[Here the gavel fell.]

The SPEAKER pro tempore. Under the previous order of the House, the gentleman from New York [Mr. MARTIN J. KENNEDY] is recognized for 5 minutes.

#### NATIONAL SERVICE LIFE INSURANCE FOR AMERICAN WAR CORRESPONDENTS

Mr. MARTIN J. KENNEDY. Mr. Speaker, today I am introducing in the House a companion bill to S. 2896 which extends the provisions of the National Service Life Insurance Act of 1940 to American war correspondents. I am doing this because in my opinion this group of men are performing a most unusual and necessary service. Day by day we read accounts of our Army, our Navy, and our Marine Corps. These accounts come to us practically from the field of battle. It is possible for us to obtain this information because of the thousands of loyal men and women who are serving as war correspondents. It is purely a volunteer service, but once they are accepted or approved by the War or the Navy Departments they in substance become members of the armed forces insofar as they are regulated as to where they go, or what they may do, or what they may say. Certainly we are thrilled when we turn on our radios in the morning and are told that London will come in, or Moscow, or Australia, or as I heard the other morning, Egypt, Libya, Tunisia, and all the other places where today these stories are told as if they were just around the corner from us. I have in mind one correspondent in particular to whom I have listened many times. I have listened to him in London and I listened to him the other day from our battle front in Tunisia.

Men doing this type of work are exposing themselves to imminent danger. They are captured as prisoners; they are shot; they are injured. The only benefits to which they are entitled in case of injury are such as their employers may provide. Certainly, we cannot be unmindful of the high character of their services, and I believe we should extend

the benefits of this National Life Insurance Act so that they can take advantage of its provisions. I am sure there is not a citizen in this country who does not recognize the fine work they are doing. They are keeping us right with the armed forces. We are with the Army and Navy every day. We know what is going on, and we know what we may expect.

These men cannot color the news. We know most of it is subject to certain military regulations; however, the very fact they are out there on the front lines brings to the soldiers a strong sense of moral support as well as an ability to furnish us with news. The soldiers realize that these men are out there working on their own, purely on a voluntary basis, in order to keep the home folks advised as to what is happening. I think of these men very intimately, as you do. Many of them we knew around the Capitol and at home. We read of them being killed, and, aside, perhaps, from a lone newspaper paying them a tribute by way of an eulogy or editorial, that is all the recognition they get. They are not eligible to be buried in the National Cemetery or to receive any honors of that kind.

I have talked to a number of men who have been in active campaigns and who have returned home, and they tell me that the newspapermen in their opinion are the greatest force for bringing together all of the troops and all of the men, regardless of their background, their home, or their peculiarities as to race or religion. These newspapermen supply the soldiers with the news. They talk over loudspeakers and they tell the men of the news they are sending home. The soldiers are encouraged.

I believe that the people of the country demand the news and they should get it, but, on the other hand, while we demand the news, expect the news, and get the news, we should not be unmindful of that army of men who are supplying the news to us. I hope the membership of the House will examine my bill. At the earliest opportunity I am going to ask for a hearing and a favorable report. I am sure if you will consider all of these factors you will readily agree that it is not only a privilege to give these men recognition but it is our duty. When the matter comes up I hope to have the support and vote of every Member of the House.

[Here the gavel fell.]

#### SPECIAL ORDER

The SPEAKER pro tempore. Under a special order previously agreed to, the gentleman from Alabama [Mr. HOBBS] is recognized for 15 minutes.

Mr. HOBBS. Mr. Speaker, I rise today, without suggestion or request, to pay deserved tribute to an army of unsung heroes who have served the United States of America and the United Nations gloriously, without ever firing a gun. Few of them are in uniform. Most of them serve utterly without compensation, financial reward, or the hope thereof. Theirs is largely a thankless job. No band plays, no bugle sounds, no cheers acclaim as they do their stern duty honestly and with patriotic devotion. No medals are struck for them. Their high reward is a sense of invaluable work



f the Senate called upon to exercise a constitutional duty in connection with the confirmation of nominations, I am anxious to know whether the members of the National Guard are being discriminated against as a class, or whether nominations are made with due respect to the merits of the individuals. I wish it might be possible for the committee to consider that question and see what the status of it is.

Mr. REYNOLDS. Mr. President, let me say in answer to the Senator from Florida that in the Committee on Military Affairs we give consideration only to the nominations sent to the Senate by the President. My recollection is that the ratio is about 5 to 2. I am not sure about that. However, the only consideration we give is to the nominations sent here by the President.

In that connection we have a subcommittee on nominations, consisting of three members of the Military Affairs Committee, headed by the Senator from Kentucky [Mr. CHANDLER]. It gives full consideration to all the Army nominations, after which the subcommittee makes its recommendations to the full committee, and the full committee gives consideration to the recommendations made by the subcommittee on nominations.

Mr. PEPPER. Mr. President, I would not under any circumstances make any suggestion as to individuals who should be nominated for places or promotions in the Army; but if we should find, for example, that there is a flagrant disparity between the number of National Guard officers and the number of Regular Army officers who gain recognition, particularly in the rank of general, and if the numbers seemed to be out of all proportion to the numbers in the respective ranks or the relative merits of the men, it might justify the conclusion that here is a policy in regard to promotions, to promote primarily, at least to the rank of general, only men from the Regular Army, and not to promote men in the National Guard to that rank.

I have had an intimation—I do not know whether it is from a responsible source—that there is such a great disparity that it must arise from a policy and not from individual considerations. I wish it were possible for the committee to consider the matter, to see whether there may be such a policy, and if so, whether the committee approves such a policy.

Mr. REYNOLDS. I am very glad to have heard the able Senator from Florida on this subject. It is a subject well worthy of consideration, and I shall bring his remarks to the attention of the full committee.

Mr. PEPPER. The Senator is very kind.

The PRESIDING OFFICER. If there be no further reports of committees, the clerk will proceed to state the nominations on the calendar.

#### SELECTIVE-SERVICE SYSTEM

The Chief Clerk read the nomination of Kenneth H. McGill to be principal statistician in the Selective Service System.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

#### POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. McNARY. I ask that the nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the nominations of postmasters are confirmed en bloc.

#### THE ARMY

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

Mr. McNARY. I ask that the Army nominations be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the Army nominations are confirmed en bloc.

#### THE NAVY

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

Mr. McNARY. I ask that the Navy nominations be confirmed en bloc.

The PRESIDING OFFICER. Without objection, the Navy nominations are confirmed en bloc.

That completes the calendar.

#### NEED FOR REALISTIC TAX PROGRAM TO PREVENT INFLATION BURDEN LATER

The Senate resumed the consideration of legislative business.

Mr. WILEY. Mr. President, many policies are undesirable and unthinkable in peacetime but vital in wartime. There are many policies which we could not support in peacetime but must support in wartime.

The rules of living, of business, and of taxation have changed.

The safety of the Nation demands that we meet the needs of the hour and do the things which are necessary.

We must take off the blinders and see the need and meet it realistically.

While we are talking about the need for flying cargo planes of the air—and I can agree on the necessity of such a proposal—and the need for cargo submarines—and I can agree as to the necessity of that proposal—it is vital also for us to consider the need for steering the ship of state clear of the economic rocks.

There are certain imperative needs which must be met, and this is one of them: From the national income of \$115,000,000,000 we must get \$36,000,000,000 in taxes, or one-half of this year's war cost of \$72,000,000,000.

Why is this imperative? The need is obvious. The anemic House bill would yield \$6,144,000,000 in additional taxes. That would increase the Federal taxes for the calendar year of 1943 to \$23,000,000,000. Federal expenditures for 1943 are estimated to exceed \$73,000,000,000. That means a deficit of more than \$50,000,000,000 during 1943. Our gross Federal debt on July 1 was about \$77,000,000,000. The public debt on June 30, 1943, will be more than \$130,000,000,000. Additional revenues must be raised by additional taxation.

A tax bill which would attempt to raise \$36,000,000,000, or half the war cost this year, would nail inflation in its tracks. In the last World War the cost of living

more than doubled. The effect of that increased cost of living was just the same as a 50-percent tax on incomes. In this war we have already experienced a moderate inflation.

Since January of 1941 living costs have risen some 15 percent, which produces virtually the same effect as a 15-percent sales tax on all articles of consumption without, however, bringing in any revenue to the Government.

When the American dollar buys less, the wage earners and the salaried persons are the ones who are hit the hardest.

It is apparent to anyone who does not want to play with economic dynamite that the important thing is not to permit an inflation which would act as a tax on the wage earner and the salaried person without bringing revenue to the Government. Yet, that is just what we will do if we do not take the alternative course and raise \$36,000,000,000 by taxation. Such a Federal tax should be from 1 to 5 percent increase in the income taxes and a sales tax instead of the 50 percent which might be taken from the small wage earner by inflation, and I repeat, which would not bring any revenue to Government.

The total income in 1941 was \$89,460,000,000, and that is \$13,700,000,000 over 1940. About \$60,000,000,000 of that was in salaries and wages, and that is an increase of \$16,000,000,000. There will be another \$5,000,000,000 increase this year, and the total income will be twenty to twenty-five billion dollars more than in 1939, the last year of peacetime expenditures.

If we are craven and unrealistic, we shall attempt to go along with those who say, "Do not raise this \$36,000,000,000 but raise twenty-two billion." We hear it said that we shall have to go into the lower brackets to raise some of this money, and that the folks in those brackets already have a hard enough time to exist.

I agree with that; but I can also see that they will have an even harder time if inflation increases their living costs from 25 to 50 percent. It will be easier for all of us to pay from 1 to 5 percent more of our present income to the Federal Government in taxes than to pour from 25 to 50 percent of our income down the inflationary rathole in addition to present taxes.

The Good Book says, "If the blind lead the blind, both shall fall into the ditch." This is a period which demands straight thinking and the courage to face a situation and do what is necessary.

Uncontrolled and excessive inflation is the result of bad management. There is no magic formula for escaping inflation. The only preventive, as everyone knows, is heavy taxes and elimination of nondefense expenditures and a borrowing policy which draws from the public rather than the banks.

Inflation is an economic blackjack which sandbags the lower incomes without bringing any revenue to government.

The economic paralyzing of a craven and inadequate tax bill will leave the lowest income levels defenseless before the onslaught of an overpowering inflation.

It is possible that those who find it politically inexpedient to face a heavy tax bill may some day be classed as economic Benedict Arnolds who betrayed not only the poor, but the wage earner and the salaried man and the middle class. Such action would dynamite the value of every insurance policy in America.

This is a people's war. It involves not only fighting men, but fighting dollars. It involves all of us on the war front, all of us on the home front, and Mr. President, it involves all of us and our dollars on the economic front.

It does not take any courage to talk about mopping up the swollen profits of business tycoons, but any attempt to befuddle the little fellow into thinking that war costs can be borne in this manner is just so much window-dressing. No one should profit from the war, and I wholeheartedly endorse any program to recapture the excess profits of any industrialist, but the sad truth is that they are not enough to finance the war effort.

Men are dying all over the world that freedom may live. Whatever shortcomings there may have been in the war thus far, it can be said that the men of the United Nations have displayed a fighting courage unsurpassed and unparalleled in world history.

Mr. President, I submit, however, that it is not enough for the men on the fighting fronts to have courage. We must also have courage on the home front. We at home must match the courage of our armed forces. If we fail to do so, we are false to our trust to these fighting men. We cannot have them return to a land where our economic security has been mortgaged for generations.

If it takes courage to write a tax bill which hurts, we must have that courage.

If it takes courage to write a clearly defined labor policy, we must have that courage.

If it takes courage to strip the governmental decks for action and to annihilate nonwar Government expenditures, we must have that courage.

If it takes courage to throw out incompetence in government and to centralize and coordinate our war effort, we must find that courage in our hearts.

Let us demonstrate we have the guts on the home front to do what it takes.

French patriotism in 1939 demanded more than political expediency and pussyfooting. It demanded courage and realism, and failing in that, the French patriot is today a slave and his children starve.

Mr. President, that must never happen here. The time for action is now.

#### NAZI ATROCITIES IN POLAND

Mr. MEAD. Mr. President, I ask the indulgence of the Members of the Senate while I digress from the legislative matters of the day to discuss a subject which should command our attention.

The latest reports of the atrocities in Poland add another black page in the history of persecution and bloodshed which dates back to the emergence of Adolf Hitler from the obscurity of house painting to the notoriety of headman for the Nazi terrorists.

We can recall that the first warning of things to come was the news that the Jews in Germany were marked for persecution under Hitler. At first these acts of persecution were limited to the confiscation of property and the restriction of civil liberties; but they were only the beginning. The end of the road for the Jews has been the concentration camps and death. The Jews, however, were not the only ones in Germany who were to know the tyranny of this fanatical group which had taken control of the government.

It soon became evident that all religious groups within Germany were deemed dangerous to the pagan religion of nazism and therefore were marked for extermination. Catholics and non-Catholics alike have suffered the same indignities that were heaped upon the Jews.

An understanding of some of the teachings of this new cult of Hitler and his Nazi followers gives an insight into the driving force behind the movement to outlaw organized religion. They would replace belief in God by belief in Hitler. Rosenberg, the leader of the new national pagan church in Nazi Germany, said at the Nuremberg party Congress in 1938:

I am absolutely clear in my mind, and I think I can speak for the Fuehrer as well, that both the Catholic Church and the Evangelical Confessional Church as they exist at present must vanish from the life of the people.

And in a document by one of Hitler's lieutenants the statement was made that Christianity in the Nazi state must be annihilated forever.

Briefly, under the new National Reich Church, the Holy Bible is banned from the altars of all churches, and the holy book of this new so-called religion becomes Hitler's *Mein Kampf*. The cross is removed from the altars of all churches, to be replaced by the sword and the swastika. Baptism and the religious ceremonies of marriage and burial are abolished. All church property of all faiths will be handed over to the state.

I have touched upon only some of the highlights of this pagan philosophy of the new order under Hitler which has enslaved the German peoples. The impact of their philosophy has been felt outside Nazi Germany in all the conquered countries which have come under the Axis sphere.

The campaign of persecution and terrorism which had its inception within the borders of Nazi Germany followed in the wake of the Nazi war machine which subjected the weaker nations of Europe one by one.

Each new conquest followed the same pattern. Deceit and treachery were in the background. Sudden and violent fifth-column activity spread terror amongst the unprepared victims. It usually was part of the scheme to assassinate those in authority whenever possible. We remember the foul murder of Chancellor Dolfuss of Austria as one of the earliest acts of Hitler which shocked our sense of decency.

This was the pattern followed in Czechoslovakia, Yugoslavia, Greece, Belgium, and Holland. All those countries

have been devastated by the Nazi armies and the Gestapo. Their churches have been defiled, their homes pillaged, their crops confiscated, and their liberties strangled. We know that people have been dying of starvation on the streets of Greece and that the residents of the Low Countries have been on a starvation diet because their foodstuffs have been taken to feed the Nazi armies.

The first people who were subjected to the devastating power of the modern Nazi war machine were the Poles. On that fateful day in September 1939, when Hitler decided that the hour had come for him to strike, it was on Polish soil that he first set foot. The world was aghast at the speed with which the Nazi hordes overran Poland and brought about her subjection.

The heart of America went out in sympathy to the people of Poland. We owe a debt of gratitude to Poland for the brave Poles who rendered such noble service in the cause of the American Revolution. We have always been sympathetic to the aims of the freedom-loving Poles to establish a free and independent Poland, a sovereign state among the nations of the world. This ideal of the Polish people has been pursued by them for centuries. They have fought and died for liberty and they have never weakened in their determination that they shall never be conquered.

The Poles who migrated to America brought with them that steadfastness of purpose, that love of liberty and freedom which characterized the struggles of their forebears. Today, the United States is a better place in which to live because of the impact of that Polish heritage and because of the contributions made to civilization by men and women of Polish birth and ancestry in the fields of literature and art, in science and industry. The genius of Ignace Paderewski will live forever, and the names of Kosciusko and Pulaski are enshrined in the hearts of America along with Washington and Lafayette.

Today we grieve for Poland. Recently the Polish Government in London received documentary evidence from Poland that throws a new light on the tragedy of a Poland completely cut off from all contact with the world.

From Poland has just come the most terrible warning of the war. The nation of 44,000,000 Poles within the past 34 months has been reduced to the very verge of extermination by modern Nazi scientific tortures.

This fact is attested by unimpeachable witnesses and is even boasted of by the Nazis themselves. Four hundred thousand Poles have been coldly murdered by the Nazi high command. That figure is proved, case by case. It does not begin to touch the total of those who have died from exposure, from starvation, and from epidemic diseases which are the direct result of inhuman methods of herding men, women, and little children into stables like cattle, without food or water or sufficient covering.

During the past few months this deliberate plan to destroy the whole Polish Nation has increased its insane fury.

and establish a price-setting procedure in the gas-producing fields—thousands of miles away from the people who must foot the bill. It will be difficult to prove how the public has received any benefit from this prejudicial decision.

It is my hope that the other members of the Federal Power Commission will reject this unfair concept. Otherwise, Congress may be called upon to rewrite the Natural Gas Act or even abolish the present Commission in order to give the consumer a fair chance at decent fuel prices.

#### MAINTAINING AND EXPANDING AGRICULTURAL EXPORTS

Mr. BURLESON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BURLESON. Mr. Speaker, maintaining and expanding agricultural exports is vital to the prosperity of agriculture and the Nation.

The value of U.S. agricultural exports reached \$4.8 billion in 1960, an alltime high, and accounted for one-fourth of all U.S. exports. These exports not only contribute to the welfare of American agriculture, but aid materially in balancing U.S. international payments.

Exports already provide an outlet for one of every six of our cultivated acres—markets for one-third of our tobacco and lard; 40 percent of our cotton, soybeans, wheat, and tallow; over half of our rice; and rapidly increasing quantities of feed grains, poultry, dairy products, fruit, and vegetables, and other products.

Exports provide an outlet for over 30 percent of the U.S. production of food fats and oils. One of the largest export markets has been the Common Market in Europe, especially Germany, the Netherlands, and Belgium. In 1960 these three countries took about two-thirds of our exports of cottonseed oil and a significant percentage of soybean oil exports.

Currently these exports are being threatened by increased import restrictions as a result of the common external tariff proposed on U.S. exports by the Common Market.

American farmers, in my opinion, have generally shared the view that the Common Market, as the European Economic Community is usually known, has the laudable objective of strengthening economic and political ties among the Western European nations to make that group of countries a more dynamic force in world affairs. They generally appreciate the broad objective of the Common Market for expanding trade and raising living standards.

American farmers, however, are becoming increasingly disturbed by the attitude of the Common Market toward imports of U.S. agricultural commodities. The reports of increased restrictions on wheat and tobacco have been particularly disconcerting.

More of our farmers are disturbed since hearing that the duty on some of

our principal vegetable oil products may be doubled to some of our biggest customers. Currently crude cottonseed and soybean oil to West Germany, the Netherlands, and Belgium-Luxembourg pay a duty of 5 percent. Other countries of the Common Market have higher duties. The Italian duty is 25 percent. Consequently we do not sell much oil to those other countries. I understand that in the current negotiations in Geneva, where the Common Market countries are negotiating with outside countries, including the United States, for conversion of the individual national tariffs into a single common external tariff, the nations of the Community have proposed a duty of 10 percent on our shipments of crude vegetable oil. There is no doubt that doubling the duty would seriously hurt our exports. The duty on refined oil, I understand, would be raised, according to the proposal, from about 10 percent as it is now in Germany, the Netherlands, and Belgium-Luxembourg to 15 percent. This is an increase of 50 percent. That is not as much as a 100-percent increase in the case of crude oil, but it is still enormous. It certainly will also have the effect of sharply reducing our exports.

I hope that the nations of the Common Market will reconsider their position and offer a common tariff on our cottonseed and soybean oil which will be more realistic and more nearly in line with the present duties in Germany, the Netherlands, and Belgium. I think our negotiators at Geneva should be resolute on this point. Certainly if the countries of Western Europe want to maintain strong ties with the United States, and if they want to continue to sell their products in this market, they should not take such stringent action against U.S. products into their markets. I am sure that the agricultural community supports this plea for fair treatment by the Common Market on our agricultural exports.

#### COMMUNISTS IN GOVERNMENT?

Mr. WALTER. Mr. Speaker, I ask unanimous consent to revise and extend my remarks at this point in the Record.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. WALTER. Mr. Speaker this bill is patterned after the California statute which was recently held valid by the U.S. Supreme Court in the case of *Nelson and Globe v. County of Los Angeles* (362 U.S. 1); and *Konigsberg v. State Bar* (386 U.S. 36).

As chairman of the Committee on Un-American Activities, I am frequently asked this question: "Are there Communists now in the Government?" The only answer I can give is that, under the present procedures and the decisions of the Supreme Court, the Committee on Un-American Activities is hampered in finding out whether or not there are Communists in Government, although we know that since the 1956 decision of the Supreme Court in *Cole v. Young* (351 U.S. 536), 109 employees of the Federal Government had been dismissed as se-

curity risks, but as of April 24, 1959, 74 had been restored to their previous employment, including employment in agencies such as the Air Force, the Army, and the Navy. Incidentally, the back pay awarded to these security risks amounted to \$579,656.55.

It will be recalled in *Cole* against Young that the Supreme Court ruled that an employee of the Federal Government could not be dismissed under the Summary Suspension Act in the interest of the national security unless he occupied what the court described as a "sensitive position." In the dissenting opinion in *Cole* against Young Mr. Justice Clark stated as follows:

One never knows just which job is sensitive. The janitor might prove to be in as important a spot securitywise as the top employee in the building.

In a Smith Act prosecution—United States against Fujimoto—in the State—then Territory—of Hawaii, 1953, in which Jack Hall, regional director of the ILWU—Harry Bridges' union—and others were convicted, and their conviction reversed when the Supreme Court decided *United States v. Yates* (354 U.S. 298), one witness, an FBI undercover agent, was the night elevator operator in the building in which the Communist Party of California had its headquarters. It was her duty to collect all the waste paper from the headquarters and put the discarded papers in a receptacle for waste paper, which would be subsequently picked up by the agents of the FBI, evaluated and analyzed.

As chairman of the Committee on Un-American Activities, I have repeatedly attempted to procure from the executive agencies identifying information on the security risks who have been restored to Government service, but this information has been adamantly refused by the executive agencies concerned.

In *Nelson and Globe* against County of Los Angeles, the Supreme Court held valid a provision of the California code which made it a duty of any public employee, when summoned before a government agency, to give information of which he was possessed on Communist and other subversive activity. The California code provides for dismissal of any such public employee who fails or refuses to appear, or to answer the questions propounded, on the ground of insubordination.

In sustaining the validity of the California statute, the court found that, notwithstanding the public employee's invocation of the fifth amendment, his refusal to reply to the questions propounded was sufficient basis for his discharge.

In *Konigsberg* against State Bar, the witness invoked the 1st and 14th amendments in refusing to answer the question whether or not he was or ever had been a member of the Communist Party. These questions were pertinent so that the State bar examiners could further their investigation as to the qualifications of the applicant to be admitted to practice law in the State of California. The Supreme Court held that the bar association could not perform its duty since the petitioner had refused to answer relevant questions.



The text of the bill follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

Sec. 2. The Subversive Activities Control Act of 1950 (64 Stat. 989) is amended by inserting immediately after section 3 thereof, the following new section:

"DUTY OF FEDERAL EMPLOYEES TO TESTIFY AS TO COMMUNIST ACTIVITIES AND NATIONAL SECURITY

"SEC. 3A. (a) It shall be the duty of any officer or employee of the Government who may be subpoenaed or ordered to appear before any Federal agency to appear before such agency and to answer under oath any question concerning (1) the membership of such officer or employee, or any other individual, in the Communist Party, (2) the activities of such officer or employee, or any other individual, as a member of the Communist Party, (3) the participation of such officer or employee, or any other individual, in activities conducted by or under the direction of the Communist Party or any member thereof, and (4) any other behavior, activities, or associations relating to the suitability of such officer or employee to hold his position as such officer or employee, including:

"(A) any behavior, activities, or associations which tend to show that such officer or employee is not reliable or trustworthy;

"(B) any deliberate misrepresentations, falsifications, or omission of material facts in connection with an application for employment as such officer or employee;

"(C) any criminal, infamous, dishonest, immoral, or notoriously disgraceful conduct, habitual use of intoxicants to excess, drug addiction, or sexual perversion by such officer or employee;

"(D) any adjudication of insanity with respect to, or treatment for serious mental or neurological disorder, of such officer or employee; and

"(E) any facts which furnish reason to believe that such officer or employee may be subjected to coercion, influence, or pressure which may cause him to act contrary to the best interests of the national security.

"(b) Any officer or employee of the Government who willfully fails or refuses to appear or to answer under oath on any ground whatsoever any question referred to in subsection (a), or who makes false statements in answering any such question, shall be guilty of insubordination and shall be removed from his office or employment in the manner provided by law.

"(c) As used in this section—

"(1) the term 'national security' relates to the protection and preservation of the military, economic, and productive strength of the United States, including the security of the Government in domestic and foreign affairs, against, or from espionage, sabotage and subversion, and any and all other (illegal) acts designed to weaken or destroy the United States;

"(2) the term 'officer or employee of the Government' means—

"(A) an officer or employee in or under the legislative, executive, or judicial branch of the Government of the United States;

"(B) an officer or employee of the Government of the District of Columbia; and

"(C) a member of the Armed Forces, the Coast and Geodetic Survey, or the Public Health Service;

"(3) the term 'Federal agency' means any department, independent establishment, or other agency or instrumentality of the legislative, executive, or judicial branch of the Government of the United States; and

"(4) the term 'Communist Party' means the Communist Party of the United States, or any successors of such party regardless of the assumed name, whose object or purpose is to overthrow the Government of the

United States, or the government of any State, District, Commonwealth, or possession thereof, or the government of any political subdivision therein, by force and violence, and includes subsidiary organizations of such party."

#### FOREIGN POLICY

Mrs. KELLY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentlewoman from New York?

There was no objection.

Mrs. KELLY. Mr. Speaker, the rumblings of far-off events; the news in the headlines; the problems at the United Nations; the Red Communist invasion in South Vietnam and the ever-widening cracks in the very surface of this sick earth make it abundantly clear that the time is out of joint and that, if we are to survive for long, the time is likewise due for a serious reappraisal of our foreign policy. Indeed such a reappraisal is a basic necessity to the continued existence of freedom, liberty and what we know as civilization.

Time out of mind I have stood here in the well of the House as a voice crying in the wilderness. I have long and bitterly opposed aid to Tito, support of neutralism as a concept and toleration of the ungodly puppet slave regimes of the satellites. My voice has been unheeded.

My purpose today however is not to assume the stance of "I told you so" nor is it to raise a clamor against the administration or for that matter even against Tito, neutralism or the satellites. Rather, it is to call for a sober and reflective reappraisal in the State Department and in the seats of power of the fundamentals and of the goals of our foreign policy.

In the late forties and early fifties, a former administration followed the policy of being firm against the satellites and of doing all that was within reason and within decency to bring about the collapse of those regimes in Eastern Europe which could not exist for one day without the support of Russian bayonets. It was not a wild policy of liberation, when we knew that abortive efforts to revolt would only lead to a blood bath and the loss of hopeless and innocent lives. It was, however, a policy which had as its purpose the support of the U.S. Government for the aspirations of the slave peoples for liberty and freedom. It did however encourage resistance to the Russian tyranny.

During the midfifties, we moved from this position to the far end of the spectrum and actively and openly supported a program of resistance and revolt in the satellites. To our everlasting shame, we were unwilling to support our words with our deeds when the inevitable cataclysm of Hungary followed as a result of our promises. I am sure most of the world believed that we had lost our nerve when we stood abjectly and shamefacedly by as the Russian tanks rumbled over the remnants of liberty in Hungary.

Inexplicably—perhaps as a result of our shame and perhaps as a result of our being lulled into a sense of false se-

curity—we then shifted toward the opposite end of the spectrum in our attitude and policy toward the satellites. The policy of "liberation" became a policy of live and let live. Indeed, we have given substantial quantities of aid to at least one of the satellites.

I say that the time has now come for a change in this policy and that if the Russians and Red Chinese are going to meddle in the affairs of the free world and if the Communists are permitted to stir up trouble in three-fourths of the world, they should be served quiet but firm notice that the United States is not going to stand idly by. We should make it abundantly clear to the people of the satellites that the United States has not forgotten them and that it is our firm determination that when the day arrives, they shall be free.

It is not a policy of "liberation" but rather one of supporting the legitimate and devout aspirations of the people of eastern and central Europe to be free in their persons, in their homes and in their beliefs. The same holds true for the puppets of the Red Chinese monster. Everywhere subjugated people should be made aware that they have the full and firm support of the United States in their yearnings for freedom from foreign domination.

It is rather ironic that we have fanned the flames of freedom in the colonial area to our own detriment while at the same time maintaining silence with respect to the imprisoned peoples under the Communist lash. I say that the time has come to make it abundantly clear to the Communists, not by public proclamation but by soft word and firm deed, that they can no longer count on our neutrality, vis-a-vis the satellites and puppet regimes.

The time has also come for reappraisal in our policy toward neutralism. Again the pendulum has swung back and forth and, again, the rest of the world has come to believe that we will hand out our bounty regardless of the recipients' actions. I do not denounce neutralism. I firmly believe that every nation has the right to be neutral. I cannot agree with their decision but I admit their right. I do, however, denounce neutralism of the cynical variety which says, "I am neutral," but then supports one side of a dispute. Such an attitude is despicable. In such cases, I see no reason whatsoever for the United States to actively support such governments.

Everyone has a right to be neutral but he does not have the right to call on the U.S. taxpayer for support of his government. We cannot buy the support of the rest of the world and we should not try. On the other hand, we do have a number of staunch and true friends throughout the world. Where their governments are with us, I say we should support them to the maximum extent of our means and our resources.

In like manner, however, I am convinced that we should not support the governments of those so-called neutrals who are against us. I am not thereby advocating a withdrawal of technical assistance or the type of assistance which extends and reaches directly to the people of those countries, but I am advoc-



covered by rule No. 10 where an accused should be brought before the committee under subpoena.

The committee has endeavored to follow the mandate of the House of Representatives in making its findings and conclusions and the House of Representatives has accepted the responsibility of the amendment to the appropriations act providing that no part of the appropriation should be applied in the payment of salaries to a certain person.

The critics of the Kerr committee and of other legislative committees charged that the proposed rider to the appropriation bill is unconstitutional because it invades the Executive powers of the President and they all cite as an authority the opinion of Chief Justice Taft in the case of *Meyers v. U. S.* (272 U. S. 52-161), and these critics aver that impeachment procedure is the only method for the removal of these inferior officers. In this much cited case the facts are that Meyers was reappointed by the President, by and with the advice and consent of the Senate, as a postmaster of the first class.

The act of July 1876 under which this appointment was made provides that such postmasters shall hold office for 4 years unless sooner removed or suspended according to the law, and provides that they may be removed by the President "by and with the advice and consent of the Senate." Meyers was removed before the expiration of his term by an order of the Postmaster General sanctioned by the President, and the removal was not referred to the Senate either directly or through nomination of a successor during the 4-year period. Meyers brought suit before the Court of Claims for salary and thus raised an issue between the executive power and the legislative power, and the court held that the provisions of the act of 1876 by which the unrestricted power of removal of first-class postmasters was denied to the President was in violation of the Constitution.

In the Meyers case there were three dissenting opinions, one by Justice Holmes, one by Justice McReynolds, and one by Justice Brandeis. The dissenting opinion of Justice McReynolds covers 61 pages and the dissenting opinion of Justice Brandeis covers 54 pages. Chief Justice Taft in the Meyers opinion cites with approval *U. S. v. Perkins* (116 U. S. 483) and quotes from the opinion in the Perkins case the following language: "We have no doubt that when Congress by law vests the appointment of inferior officers in the heads of departments it may limit and restrict the power of removal as it deems best for the public interest. The constitutional authority in Congress to thus vest the appointment implies authority to limit, to restrict, and regulate the removal by such laws as Congress may enact in relation to the officers so appointed. The head of a department has no constitutional prerogative of appointment to office independently of the legislation of Congress and by such legislation he must be governed not only in making appointments but in all that is incident thereto."

The Constitution does not determine who shall remove officers. It is true that the courts vastly increased the influence of the Executive and conferred powers upon him far beyond the expressed contemplation of the Constitution and contrasts strangely with the teachings of the fathers of the Republic.

But the legislation here proposed does not remove the officer but provides that no part of the public funds shall be paid to him, and I think no one has yet questioned the absolute control of the Congress over moneys that shall be drawn from the Treasury. Those who are criticizing upon the grounds of constitutionality cannot claim that the present situation is analogous to the facts in the

Meyers case, but they contend that this proposed action violates the constitutional doctrine of separation of powers. Under clause 7, section 9, article I of the Constitution there is the following provision:

"No money shall be drawn from the Treasury, but in consequence of appropriations made by law; and a regular statement and account of the receipts and expenditures of all public money shall be published from time to time."

This power over the purse strings has been recognized unconditionally by the United States Supreme Court in the case of *Hart v. U. S.*, which case originated in the Court of Claims, in which the following language was used:

"The absolute control of moneys of the United States is in Congress and Congress is responsible for its exercise of this great power only to the people. It is entirely within the power of Congress to indicate a class of persons who shall not be paid out of general appropriations but shall come to Congress for relief."

Another case in point is *U. S. v. Perkins*, 116, page 483, in which the court says:

"We have no doubt that when Congress, by law, vests the appointment of inferior officers in the heads of departments it may limit and restrict the power of removal as it deems best for the public interest. The constitutional authority in Congress to thus vest the appointment implies authority to limit, restrict, and regulate the removal by such laws as Congress may enact in relation to the officers so appointed.

"The head of a department has no constitutional prerogative of appointment to offices independently of the legislation of Congress, and by such legislation he must be governed, not only in making appointments but in all that is incident thereto."

We are here dealing with offices that owe their existence to Congress and offices that Congress may abolish tomorrow. Their duration and pay depend on Congress alone. With such power over the creation of these offices it would seem to necessarily follow that Congress has the power to prescribe the absolute power of control of the office and its incumbents.

#### IMPEACHMENT

The suggestion that these officers should be impeached is beyond the question. The Constitution expressly provides that removal of officers shall be "on impeachment for and conviction of treason, bribery, or other high crimes and misdemeanors." The charges and allegations against these persons do not come within this constitutional provision.

### Money—The Most Important Issue in the World Today

#### EXTENSION OF REMARKS

OF

#### HON. COMPTON I. WHITE

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Friday, April 16, 1943

Mr. WHITE. Mr. Speaker, by the indulgence of the House there is presented herewith the thirtieth installment of Senator Cockrell's speech on money. In this part of Senator Cockrell's speech we learn the real reason for the breakdown of the leading nations of Europe except England—a money plan that finally crystallized into a system of standardization and interchangeability of the coin-

age of the nations subscribing to the Latin Union monetary convention, which was broken down by the avarice of Germany after the defeat of France in the war of 1870 more fully explained here by the Senator.

The thirtieth installment of Senator Cockrell's speech on money follows:

Mr. GEORGE. What firm was that?

Mr. COCKRELL. It was Henry Clews. Now the panic is over, we are all pacified. I believe there is only one Senator who has ever attributed the present condition to the Sherman law, or claimed that it caused the panic. It is all over now; we have ample time. Remember we were called together expressly for the purpose of considering the financial question. Remember, further, in the campaign it came as if from headquarters that the silver or financial question must be relegated to the rear and the tariff must be placed in front. We did it. It was done in the campaign, and we expected, and I believe the people of the country expected, that the tariff would be pressed to the front. I think they had a right to expect it.

But, Mr. President, the financial question has been brought to the front. It is not the fault of Congress. The President had the right to call Congress together for whatever purpose he desired. He exercised that right, and he called us together upon the financial question, and when he convened us he had gone to the end of his Executive power. The responsibility now rests with us as to what we shall do. The responsibility rests upon him for having Congress here. We did not call ourselves into existence here. He brought us here. He is responsible for that and we are responsible for what we do. Why should we bow to England? If we are going to adopt a financial policy why not adopt that of France, the country that stood by us in the dark days of the Revolution and helped us achieve our independence and today is a sister Republic? Why shall we bow the knee to England? Are we not old enough to establish a financial system? We are 100 years old. That is a great age. Can you find any other nation on earth that has not established its own policy?

Mr. MCPHERSON. May I ask the Senator from Missouri a question?

Mr. COCKRELL. Certainly.

Mr. MCPHERSON. Is the Senator from Missouri quite ready to adopt the system of France—that is, to close our mints against silver, as France has done, to stop the purchase of silver as France has done, and to hold in our reserves \$250,000,000 of gold to redeem \$700,000,000 of silver, as France has done?

Mr. COCKRELL. Not at all. Not a dollar of it is redeemed in silver. I deny it in toto.

Mr. MCPHERSON. Gold with which silver may be redeemed.

Mr. COCKRELL. No; it may not be redeemed in gold. It is not redeemable in that way. It cannot be done.

Mr. MCPHERSON. Standing there, then, as an evidence that the French people, the Bank of France, the French Government, have an abundance of gold to maintain all their silver on a parity.

Mr. COCKRELL. No, sir; they have not one dollar of gold to maintain silver. I say today (and I challenge anyone to show to the contrary) that there is no nation, kindred, or tongue on earth that has given full legal tender to silver and redeemed it in anything else. Metallic money is irredeemable. I read today from the Indian currency commission report. They tell you that the silver in France is irredeemable. Every writer tells you that. Look at the law itself. There it is. The silver there is irredeemable. They comment upon the great spectacle of France, Belgium, and those nations maintaining a

the Appropriations Committee of the House of Representatives appointed in pursuance of House Resolution 105 offered by Congressman CANNON of Missouri, chairman of the Appropriations Committee of the House of Representatives, and passed on February 9, 1943.

In connection with a discussion of the functions of this committee something should be said about the background.

In 1938 the House of Representatives of the Seventy-fifth Congress realized that there was an organized un-American propaganda at work within the United States both of foreign and domestic origin, and as a result a special committee on un-American activities was set up under authority of House Resolution No. 282 to investigate (1) the extent, character, and objects of un-American propaganda activities in the United States, (2) the diffusion within the United States of subversive and un-American propaganda that is instigated from foreign countries or of a domestic origin and attacks the principle of the form of Government guaranteed by our Constitution, and (3) all other questions in relation thereto that would aid Congress in any necessary remedial legislation.

Appropriations were made for these investigations by this committee through appropriating the amount of \$495,000. In 1941 and following the investigations by the Committee on Un-American Activities the Congress allocated to the Department of Justice \$100,000, and in 1942 \$200,000 to investigate employees of every department, agency, and independent establishment of the Federal Government who are members of subversive organizations or advocate the overthrow of the Federal Government.

Upon the appropriation of these last mentioned funds the Department of Justice, through the Federal Bureau of Investigation, has made exhaustive investigations and examinations of employees and of various organizations and a report thereof made for the use of the Congress. In the meantime there was set up another investigating committee, known as the Interdepartmental Committee, appointed by the President of the United States to investigate subversive activities. So it appears that between 1938 and the present time Congress has appropriated and expended through committees and departments the sum of approximately \$800,000 for investigations of employees and organizations who were suspected of subversive activities, and \$300,000 of this amount was used for investigations of employees and organizations within the Government.

On February 1 of this year Mr. MARTIN DIES, Congressman from Texas and chairman of the Dies committee, on the floor of the House of Representatives named about 39 persons whom his committee had investigated and pointed out the activities in which the several persons had been engaged or associated. After these allegations were made on the floor of the House and when action was about to be taken in some of the cases by the House of Representatives to so limit the appropriations that these persons could not receive further pay from the Government, it was deemed wise and fair and expedient by leaders in the House of Representatives to appoint a special committee to examine the files of the several departments, including the investigations by the several committees and the Federal Bureau of Investigation, and make report to the House of its findings, and it was at this point that Chairman CANNON of the Appropriations Committee offered House Resolution 105 which was passed on February 9, and here are the provisions of House Resolution 105:

"That the Committee on Appropriations, acting through a special subcommittee thereof appointed by the chairman of such committee for the purposes of this resolution, is authorized and directed to examine into any

and all allegations or charges that certain persons in the employ of the several executive departments and other executive agencies are unfit to continue in such employment by reason of their present association or membership or past association or membership in or with organizations whose aims or purposes are or have been subversive to the Government of the United States. Such examination shall be pursued with the view of obtaining all available evidence bearing upon each particular case and reporting to the House the conclusions of the committee with respect to each such case in the light of the factual evidence obtained."

No appropriation was made or asked for this committee, and it is significant to note at the outset that this House resolution does not refer to an investigation, but authorizes and directs the committee to examine into any and all charges of allegations that certain persons in the employ of the Government are unfit to continue in such employment by reason of their present or past association or membership in or with organizations whose aims or purposes are or have been subversive to the Government, and to report the conclusions of the committee with respect to each case. It will be noted that up to this point the Committee on Un-American Activities had not given the persons charged any hearing, and it was certainly contemplated that the examinations by the Kerr committee would afford to each accused person an opportunity to appear and be heard.

Acting under the authority of the resolution the Kerr committee organized and adopted rules of procedure, and at this point I think it in order to read to you the minutes of the meeting of the committee held on March 23, 1943, at which the rules of procedure were adopted.

These rules of procedure have been followed and should be a complete refutation of charges made by Secretary Ickes that the right of counsel had been denied and that the transcripts of evidence were not available. In this connection it is stated that no person has been subpoenaed to appear before the Kerr committee and no person has appeared and asked the privilege of counsel. On the other hand every person has appeared voluntarily and has been given ample opportunity and time to make full statements and explanations concerning all charges.

Here are the rules of procedure:

1. Unless or until otherwise ordered, all hearings before this committee shall be held in executive session.

2. It is the understanding of this committee that it is acting under a mandate of the Congress of the United States to examine into any and all allegations or charges that certain persons in the employ of the several executive departments and other executive agencies are unfit to continue in such employment by reason of their present association or membership or past association or membership in or with organizations whose aims or purposes have been subversive to the Government of the United States, and to report to the House of Representatives the conclusions of the committee with respect to each case in the light of factual evidence obtained, and that it is not the province of this committee to pass upon any legal or constitutional questions that may be raised, such responsibility being the proper office of the House of Representatives after this committee has made report of its findings and conclusions.

3. The committee will proceed to collect and review all of the reports of the several committees and the reports of investigations made by the Federal Bureau of Investigation together with such transcripts of evidence as may be available from the several investigating committees, and prepare a digest or memorandum of each individual case for the aid of the committee and for use

at such time as the person charged shall appear for examination.

4. After all such evidence has been assembled, reviewed, and a digest made, an invitation by letter to the accused shall be mailed suggesting a time and place at which such accused person will be privileged to appear in person before the committee and make such statement or explanation under oath as such person may desire and to answer such questions as may be propounded. The invitation shall either advise the accused of the specific charges and allegations made or shall set forth that if the accused is unacquainted with the charges and allegations a copy will be furnished upon request in person or by telephone.

5. The proceedings before this committee shall be summary.

6. All reports of the several committees and the investigations made by the Federal Bureau of Investigation, together with such transcripts of evidence as are made available from the several investigating committees, and all letters, resolutions, and other data bearing upon each individual case will be treated as a part of the evidence and record in each particular case.

7. The following definition of "subversive activity" is adopted by the committee for the purposes of the examinations to be conducted, namely:

"Subversive activity in this country derives from conduct intentionally destructive of or inimical to the Government of the United States—that which seeks to undermine its institutions, or to distort its functions, or to impede its projects, or to lessen its efforts, the ultimate end being to overturn it all. Such activity may be open and direct as by effort to overthrow, or subtle and indirect as by sabotage."

8. After the committee has made its findings and conclusions, a report thereof at convenient intervals will be made to the Committee on Appropriations for such other and further action as it may deem proper.

9. Upon the completion of the hearings before this committee the transcripts of all evidence taken will be delivered to the clerk of the Appropriations Committee to be, in turn, delivered over by him to the file clerk of the House of Representatives.

10. If this committee shall deem it necessary and advisable to require the attendance of witnesses other than the accused person or the production of books or papers or documents by subpoena or otherwise, or if the accused person shall fail to appear in response to the invitation issued by the committee and it shall be deemed necessary and advisable to subpoena the accused person, then and in such event another or other rules of procedure may be adopted.

This committee makes no apologies for writing a definition of subversive activity. The Attorney General had failed to write one, and the Congress had not seen fit to write one, and there had been no case before the courts in which a definition had been made. It was necessary to have a definition in order to intelligently pass upon matters before the committee.

It will be noted also that this committee has not presumed to pass upon any legal or constitutional questions that may be raised, and by the procedure rule No. 2 it was expressly stated that such responsibility was the proper office of the House of Representatives after this committee had made report of its findings and conclusions.

It has been charged that this committee has denied the accused right of counsel. This charge is without foundation. This committee has never subpoenaed any accused person to appear before it. It adopted the rule of issuing an invitation to the accused to appear if he desired to do so, and in each instance the accused has appeared, and in no case has any accused person demanded counsel. That question was left open to be

ence on the world, she has lost her chance of being a dominating one because she has sought false gods and followed false philosophies. Therefore, to one who knows Japan's history and to one who knows the Japanese people, the story which I have to tell is, of course, a story of sadness. It is a story of what might have been, a story of leadership gained but lost through overbearing ambition.

The German Nation is now being psychoanalyzed, and some persons are wondering if that nation can be cured of the ills which seem to beset her. If I were to psychoanalyze the Japanese Nation, her alliance with the Axis is merely the reflection of an inferiority complex and longing ambitions. The inferiority complex came because of admitted weakness, the ambitions from a desire to turn weakness into strength. Her walking out of the League of Nations under the leadership of Matsuoka was a most un-Japanese act. In the entire Japanese literature and tradition, Japan's leadership is gained by politeness, subtlety, and well-thought-out plans, not by sword-rattling rudeness.

Japan from the time of Perry to the end of the First World War was a student nation. Her alliance with Great Britain was a helpful thing. She had a guide to advise her. But with the breaking up of the Anglo-Japanese Alliance, Japan was left on her own; and when the strutting Mussolini and Hitler became the vogue, her leaders accepted that strutting, imitated it, because it seemed to them to be successful. They had had some experiences with the West to convince them of the principle that the only time the West kept its promises was when it had to. That which Japan had gained, she gained by a show of force. She got rid of her unequal treaties that way. She got her rights in Asia that way. She defeated Russia in that way. The pressure of the world curbed her every time in gaining what she considered were the fruits of victory. At the end of the last war she was stopped by our own President Wilson after she had shown force enough to make herself one of the Big Five at Versailles and to keep the provisions of the Shantung settlement out of the treaty. A Japanese was made Under Secretary of the League of Nations.

That which has happened to our world did not happen to Japan alone. In the capture of Port Arthur by the Japanese we have the outstanding adherence to the finest principles of international behavior in war that we have in all history. You probably remember the incident when General Nogi sacrificed brigade after brigade of his men to save the lives and property of civilians. The general ordered repeated assaults until he captured a hill from which he could see the Russian ships in the harbor. From this vantage point he signaled the ships' location to Admiral Togo, who was waiting outside the harbor, separated from the Russian Fleet by a densely populated land area. Thus Togo was able to destroy the ships by shooting over the land into the harbor, and won a great victory without injuring civilians or private property.

It was the Japanese who sacrificed thousands of men to keep from breaking an international law in 1904-5. The same Japanese in 1932 fired promiscuously upon the people of Chapel, killing men, women, and children with indifference and paying no attention to the rights of private property or persons. In the course of one generation all that civilization had gained in the 2,000 years' struggle from the time Jesus first taught the worth of the individual to the near present was wiped out by Japan's act at Chapel. But was she the only guilty party? Had not the Italian writers invented the total destruction and horrible war idea? Did not German military books accept the

theories of the blitzkrieg? Had not the theory of total war and total destruction come into the whole world? An American captain, who with others had rushed to the roof of his Shanghai hotel with his field glasses to watch the destruction of Chapel, when asked what about the women and children, replied that it was just too bad. Was the whole world shocked, or did we accept it as being just too bad? Total war is the answer to that question.

When Japan adopted a modern constitution and the chief writer of that document, Prince Ito, after study through Europe and America presented it to the Japanese people, he remarked that Japan would not make the mistake of western nations in allowing the military to become controlled by the civil branches of government. "Never," said he, "would we put a general in command of troops out in the field in the position of not being able to be in sole command of his whole situation." Thus the Japanese Government became, whenever the military acted, militaristic in its nature; and when Germany and Italy started upon their modern careers, Japan was a natural admirer because in her military clique there were those who accepted the philosophy which underlies fascism and nazi-ism.

Now, what about the future? Through Japanese history we find periods of conquest and cruelty and all that is bad in society. But these things do not dominate her history.

Two cultures have had more to do with the thought and the lives of the Japanese than any others. Those cultures are the Chinese Confucianism and the Indian Buddhism. Both of these influences are peace-loving. Shinto, the mythological religion of Japan, later under western guidance turned into a harsh nationalistic religion, and had never had a great influence upon the thoughtful of Japan until the present time. I say these things to make the point that Japan of today is definitely apostate in its nature, but the leaders of this apostasy must be utterly destroyed or their leadership will persist as the leadership of the steel helmets persisted after the last war in Germany.

No compromise can be made with present-day leadership. From their leaders an unconditional surrender must be gained, and they themselves must acknowledge their defeat. The defeat must be crushing, not in the sense that we are to destroy Japanese men, women, and children, and Japanese property; but those who are responsible for the leading of Japan into her wicked career of the last generation must be humbled, humiliated and put down forever. That is the paramount task for our military and naval forces in this war. We have allowed Japan to extend herself to the limit. We are now fighting on a great circle. Some militarists believe that if we can strike the heart and head of Japan, the circle will collapse. Others believe that we must blast forth and divide present Japanese military government into small pockets of inferior force and destroy them one at a time.

Let me make this simple contrast between what might take place in Europe and what might take place in Japan:

Germany, since Bismarck's time, has been a country dominated by the general staff. When professional soldiers see that the game is up, there are but two alternatives—to fight it out and sacrifice to the utmost and remain strong wherever strength can be maintained, or to face the inevitable and allow collapse. In Germany, judging from her history and from her type of military control, I expect collapse.

I do not expect the collapse of Japan, even if we do that which I think we must do, destroy her head and her heart; but still

there will be the old military theory, which has never changed, and that is, that a general sent out with a contingent has a task to perform, and he performs it as he sees fit regardless of orders from the homeland. Thus, wherever Japanese concentrations are, the stage is set for a battle which will last just as long as the soldiers in command are willing to fight. This point is extremely essential; it shows us what we may have to sacrifice in bringing peace to Asia. Japan, which seems so united to the outside world, never fights a single war, but she fights as many wars as she has theaters of war and as diverse a war as the varied ideas of her generals and her admirals. Thus, you see that those strategists who feel that our task in Asia is easy fail to recognize the background facts.

## The Fight Between President Andrew Jackson and the Money Power

### EXTENSION OF REMARKS

OF

### HON. COMPTON I. WHITE

OF IDAHO

IN THE HOUSE OF REPRESENTATIVES

Tuesday, June 1, 1943

Mr. WHITE. Mr. Speaker, just a little over a hundred years ago, during the administration of President Andrew Jackson, there was a celebration in Washington. The last dollar of the national debt had been paid. For once—and only once—in the history of our Nation our Government was out of debt.

To the average businessman or farmer who has struggled with a mortgage or the burden of debt the accomplishment of President Jackson, on this occasion, was something to celebrate. In our present financial situation and in light of the history of this struggling new country which had successfully waged two great wars and had triumphed in an internal struggle for the control of our Government finance, we can better appreciate the sterling worth of this great warrior and statesman, President Andrew Jackson.

The account of the fight between President Andrew Jackson and the Bank of the United States, as recounted by one of Abraham Lincoln's Presidential electors, Charles Schreiner, of Pennsylvania, follows:

Everyone should read the history of the great battle between Andrew Jackson and the money power in Benton's Thirty Years in the Senate.

History on the money question is simply repeating itself. In Jackson's time we had but one great corporation in the United States; that was the old United States Bank, with a capital of \$35,000,000 and a charter that expired in 20 years. The great money power of that generation was concentrated in that bank and its branch banks in all States of the Union. Thirty-five million do not seem very big when compared with the corporations we have now, but the old United States Bank had one vast advantage over all other corporations. We had no United States Treasury then, separate and apart from the bank, and the laws then required that all the money belonging to the Government should be deposited in that bank. This gave its managers millions of money and vast



The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 150]

Anderson, Calif.	Ford	Morrison, La.
Andrews	Fulmer	Mott
Arnold	Furlong	Murphy
Auchincloss	Gallagher	Myers
Baldwin, Md.	Gavagan	Norman
Baldwin, N. Y.	Gavin	Norrell
Barden	Gerlach	Norton
Barry	Goodwin	O'Brien, Mich.
Bates, Ky.	Green	O'Brien, N. Y.
Bates, Mass.	Harris, Va.	O'Connor
Beall	Hart	O'Leary
Bender	Hohert	O'Toole
Bland	Heffernan	Pace
Bonner	Hendricks	Peterson, Ga.
Bradley, Mich.	Hertler	Pfeifer
Bradley, Pa.	Hess	Philbin
Brehm	Hinshaw	Ploesser
Buckley	Hobbs	Plumley
Bulwinkle	Hoeven	Pracht
Burchill, N. Y.	Hofffield	Ramey
Butler	Holmes, Wash.	Randolph
Capozzoli	Izac	Robinson, Utah
Celler	Jackson	Robson, Ky.
Chapman	Jarman	Rogers, Calif.
Chenoweth	Johnson,	Scanlon
Cole N. Y.	Calvin D.	Schiffler
Courtney	Judd	Schuetz
Cox	Kean	Schwabe
Crawford	Kearney	Shaffer
Crosser	Kee	Sheridan
Cullen	Kelley	Smith, Maine
D'Alesandro	Kennedy	Snyder
Dawson	Keogh	Somers, N. Y.
Delaney	King	Spence
Dickstein	Kirwan	Steagall
Dies	Kunkel	Taber
Dillweg	Lane	Taylor
Dirksen	Lea	Thomas, N. J.
Ditter	Luce	Towe
Domengeaux	McCowen	Treadway
Douglas	McGehee	Vincent, Ky.
Eaton	McGranery	Vinson, Ga.
Eberharter	Maas	Vurzell
Ellis	Mansfield,	Weichel, Ohio
Fay	Mont	Weiss
Feighan	Marcantonio	Wene
Fish	Martin, Iowa	Whitten
Fisher	May	Winter
Fitzpatrick	Merritt	Worley
Flannagan	Morrow	Wright
Fogarty	Miller, Pa.	

The SPEAKER. On this roll call, 280 Members have answered to their names, a quorum.

By unanimous consent, further proceedings, under the call, were dispensed with.

The SPEAKER. The gentleman from Wisconsin may continue.

Mr. KEEFE. Mr. Speaker—

Mr. REED of New York. Mr. Speaker, will the gentleman yield?

Mr. KEEFE. I yield.

#### EXTENSION OF REMARKS

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and to include an editorial.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

#### AMERICAN FASCISM

Mr. KEEFE. Mr. Speaker—

Mr. ROWE. Mr. Speaker, will the gentleman yield?

Mr. KEEFE. I yield.

Mr. ROWE. Mr. Speaker, I wish to make this observation: The gentleman now in the Well of the House was asked by one of his colleagues to yield. Upon his refusal to yield his colleague caused this roll to be called.

I wish to commend the gentleman from Wisconsin for the very fine exposition

of this subject he has given us up to this time, and to state that it will be well worth the while of every Member of this House to listen to the balance of it.

Mr. KEEFE. Mr. Speaker, I may say to my colleague that the gentleman who is now speaking was in no way responsible for this call of the House. I fully appreciated the few who were here upon the floor while I was speaking. May I say to you, however, that acting under what I conceive to be the clear rules of the House, I did decline to yield to the gentleman from Texas [Mr. PATMAN]. He thereupon placed me in the embarrassing situation of either yielding to him or his forcing a call of the House by suggesting the absence of a quorum. I elected to let him pursue that course and the roll was called.

When I was interrupted by this demand for a quorum, I had defined the term "fascism" and indicated the necessity of critically exploring and examining our own economy with a view to determining whether under accepted definitions of fascism, this political philosophy was finding its way into our own economy.

Mr. Speaker, I will proceed with the discussion.

I recall asking one of the most prominent intellectual leftists in this country this question: "Do you think that continued delegation of arbitrary power to bureaucracy is a dangerous centralization of power?"

Answer: "I think it a very dangerous centralization of power."

"Have you been alarmed by the progress we have been making in the last few years toward centralization of power in the hands of bureaucracy?"

Answer: "I have been very much alarmed by it."

Certainly, if this intellectual leftist has been alarmed by what has been taking place in our own country, it is high time that the citizens who believe in liberty and freedom should begin to wake up. Freedom and liberty can never exist alone on mere sufferance, and they will fail unless courageously and vigorously defended.

Where are the men and women in whose veins flows the blood of the great liberals of the past? We are convinced that many of those who like to style themselves liberals are in reality the most reactionary group in the country. They are the ones who, while denouncing fascism are constantly planning and urging a program for an American domestic economy that is purely fascist in character. We are convinced that while comparatively few in number, they are well organized and highly articulate.

We are convinced, however, that the same spirit that motivated the thought and actions of the great liberal men and women of the past exists in the hearts and souls of an overwhelming majority of our citizens today. They are the true liberals. They may not be as articulate and as well organized as the entrenched groups of political gangsterism, but I have a profound faith that through the length and breadth of this land that

spirit is again inflamed. Mr. Speaker, there is born into the souls of men and women a craving for fundamental rights of liberty and freedom. The signers of the Declaration of Independence gave clear expression to this spirit when they wrote:

We hold these truths to be self-evident—that all men are created equal and that they are endowed by their Creator with certain unalienable rights—that among these are life, liberty, and the pursuit of happiness.

The great liberals of that day, as exemplified by Thomas Jefferson, gave their all for the attainment of these fundamental rights. The struggle through the ages has been that of the common man trying to break through the restrictions of tyrannical kings and feudal lords in an effort to attain a place in life where liberty and freedom might prevail. History is replete with evidence of this continued battle. Courageous men and women shed their blood and gave their lives in the age-old effort to achieve liberty. The signing of the Magna Carta was a step in the direction of the attainment of such objectives. The French Revolution illustrates again the efforts of common people to take from tyrannical masters rights and privileges which the whole people in a properly managed society should enjoy. Those who courageously settled on this continent left European shores in order to establish their homes where they might find ecclesiastic and economic freedom and liberty. Yet there followed here onto this continent the long hand of oppressive government and tyranny. This was evidenced by Jefferson when he wrote in the preamble to the Declaration of Independence—

But when a long train of abuses and usurpation pursuing invariably the same object evinces a design to reduce them under absolute despotism, it is their right—it is their duty—to throw off such government and provide new guards for their future security.

Jefferson did not counsel a break with a government long-established without good and sufficient reasons. He very meticulously specified the charges. I challenge every citizen, in view of the present social and economic conditions facing our Nation, to read the recital of those charges. What was the fundamental complaint that is found woven into the fabric of all of those charges? The signers of the Declaration of Independence complained in substance of the denial by a tyrannical king of the fundamental rights of free people to liberty and the pursuit of individual happiness. It is significant in viewing these specifications to point out that there is no complaint lodged against the King because he failed to furnish the colonists with suitable and proper housing or that he failed to provide suitable and proper nutrition or adequate hospitalization or medical care, or that he failed to protect them against the ravages of the Indians. No complaint will be found because he failed to establish proper standards of living or wage scales. But they did complain of the denial by the King of specific fundamental rights that free men

and women should enjoy. Listen to some of their complaints:

He has made judges dependent on his will alone for the tenure of their offices and the amount and payment of their salaries. He has erected a multitude of new offices and sent hither swarms of new officers to harass our people and eat out of our substance. He has rendered the military independent of and superior to civil power. He has combined with others to subject us to a jurisdiction foreign to our Constitution and unacknowledged by our laws. He has refused his assent to laws the most wholesome and necessary for the public good.

Thus, in charge after charge, the great liberal minds of the early days of our Republic gave expression to the demand for recognition by the tyrant of the fundamental rights of the people. Aided and guided by the assistance and advice of the courageous men who directed and fought a successful revolution, a new Government was gradually established under a Constitution having for its fundamental purpose the establishment of justice and the protection and preservation of human liberty and freedom. For more than 150 years, the great liberal-minded forces of this Nation have zealously guarded and protected the rights and privileges of the people.

The Congress of the United States is the repository under our system of government of the fundamental and inherent rights of a free people. We prospered as a nation under this system. I do not mean to imply that the fight to preserve individual freedom and liberty has always been successful. There are many black pages in our history that clearly demonstrate the power of entrenched privilege. Fundamentally, however, the fight of the great liberal minds of our Nation has always been to preserve in the hands of the people these fundamental rights of freedom and liberty which found expression in our original Declaration of Independence. They conceived the Government to be an arbiter between the elements of special privilege and the rights of the common man. They conceived that government was an instrument to provide equality of opportunity for all the people, so that the poorest child in the Nation might, through perseverance and ability, achieve the highest position in the land.

In recent years, due to claimed social and economic crises, following one after the other, we have witnessed in this country a complete reversal of governmental attitude. Powers and privileges that should belong to the people's representatives in government and for which liberal souls through the ages shed their blood to obtain and preserve, have recklessly been delegated under alleged "democratic process" to a coordinate branch of government. The result has been that we have shifted the responsibility in large measure from the people's representatives into the hands of Federal bureaus piled upon Federal bureaus. In actual practice, these powers have been delegated to the President. He has set up one bureau after another in order to handle the mass of complex and conflicting social and economic problems that subservient Congresses have been apparently unable to solve for themselves.

We believe it fair to state that this abject surrender by the people's representatives of legislative responsibility, while technically achieved through democratic process, was in reality coerced and compelled by Executive intervention. The direct result of this shifting of responsibility is plainly apparent. We are now being ruled from above by a multitude of directives and regulations issued by a grasping, giant bureaucracy. They are the result of the whims, attitudes, and caprices of mere men who owe no responsibility to an electorate, but nevertheless they have the full force and effect of law.

Citizens today throughout the length and breadth of this great Republic are feeling the whiplash of bureaucratic process. These bureaucratic agencies of government, being operated by mere human beings, are lustful in their grasp for power. The result has been a duplication and multiplication and confusion of powers, all of which has resulted in a situation where the people of the Nation are now at last beginning to realize what being ruled by mere men instead of law means.

Do not misapprehend or misinterpret what I am saying. I fully realize that in order to conduct a successful global war, great grants of power, necessary for quick decision, must be lodged in the Executive. The difficulty, however, arises from the fact that this complexity of bureaucratic control over the lives and fortunes of the people of America, much of it unrelated to the war effort, was well under way long before Pearl Harbor. The exigencies of war have only added to the lust and grasp for more and more power. Is it not clear, therefore, that this centralization of power in the hands of the Executive, who is surrounded by a small group of "inner cabinet" advisors, results in effect in placing in the hands of one man or a small group of men the power to control the lives, liberty, and fortunes of the people? Does not this present situation meet every accepted test of Fascist government?

The defenders of this philosophy will immediately exclaim that it was accomplished through the medium of democratic process and that it is expanded and continued only because of the exigencies of war. As to the first of these contentions, I believe it only fair to state that in the delegation of power and authority to the Executive, Congress itself is charged with the responsibility. I do feel, however, that the influence of Executive persuasion manifested through the medium of tempting Federal judgeships or other juicy jobs, patronage, Treasury raids, useless spending, and the usual trappings of the spoils system, did away with much of the semblance of democratic process in the time before the war when these great grants of power were abjectly transferred to the Executive.

If we could be assured that it was the purpose and intention of the executive department of government to return these powers to the people at the conclusion of the war, we might not be so apprehensive. The fact is, however,

that the propaganda is well under way now to try to make it clear that these emergent controls over the lives of our people must be retained in our post-war economy. These bureaucrats who have exercised such unlimited power will not surrender willingly when the crisis of war shall have passed. The American people are willing to sweat and to serve and to sacrifice in order to accomplish the ends of a just and lasting peace. More and more people, however, are becoming disturbed by the fact that this pattern of government now in vogue, most of it legally supposed to be temporary in character, may become a permanent pattern of government under a system of planned and controlled economy. There must be no interference with the necessary controls and regimentation incident to the successful prosecution of our war effort. It must be made clear, however, that we do not intend to permanently submit to the surrender of our fundamental rights when peace and order shall have been restored to the world. We insist that these great grants of power that have been thrust into the hands of the Executive shall be restored to the people through their Representatives in the Congress, and that any changes in our economy made necessary by post-war conditions shall result from congressional action rather than Executive order or decree. We insist that assurances be given that the pattern of government incident to national crises shall not be insidiously fastened upon us as a permanent pattern of government. We in this Nation want to be governed by law and not by the whims and caprices of mere men.

The SPEAKER. The time of the gentleman from Wisconsin has expired.

Mr. KEEFE. Mr. Speaker, I ask unanimous consent to proceed for 2 additional minutes.

Mr. PATMAN. Mr. Speaker, reserving the right to object, and I have no intention of objecting, I would like to ask the gentleman to correct one statement he made to the effect that the President had gone contrary to the Congress on the question of subsidies. The last declaration, I will state to the gentleman, that Congress passed on was in favor of subsidies, and we have not made any declaration since that time. To that extent I respectfully suggest to the gentleman that his statement was in error.

The SPEAKER. Without objection, the gentleman from Wisconsin may proceed for 2 additional minutes.

There was no objection.

Mr. KEEFE. Mr. Speaker, we want no return to the so-called good old days when entrenched privilege pillaged and raped the natural resources of our country and attempted to use the common people merely as pawns for the achievement of their own positions of affluence. On the other hand, neither do we want acceptance of a national economy, Fascist in character, based upon foreign ideologies.

We fully realize the responsibility of government in providing for human welfare. We know that governments are instituted to protect the people against special privilege, and that as conditions

change and society becomes more complex, it becomes the duty and obligation of government, through the enactment of just and equitable laws passed by the people's representatives, to provide for justice and equality of opportunity. We conceive it to be the duty of the Government not to act in the role of tyrant and master through the issuance of Executive decrees, but rather to provide safeguards for freedom of action and freedom to work by assuming the role of constant arbiter between human rights and special privilege.

My colleagues, it is time for the people of America, regardless of party, to stop this Fascist threat here at home.

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. McCORMACK. Mr. Speaker, the gentleman from Wisconsin [Mr. KEEFE] has made a very fine historical speech, and most of us agree with him so far as his history is concerned. The gentleman, however, conveyed a message, or by innuendo left an impression, which is entirely without justification. He in his speech gave no bill of particulars.

What bill has been passed in the last 10 years, as he claims, that has a tendency toward fascism? In 1933, when the banks were threatened with destruction and when the President of the United States saved the banks and the deposits of 20,000,000 people; was that fascism? When the present administration under the leadership of President Roosevelt saved business, does the gentleman from Wisconsin say that was fascism? When he stepped in to help the millions of unemployed, innocent victims of the depression, and those dependent upon them, does the gentleman from Wisconsin say that constituted fascism?

I went to the church my conscience dictated me to go to yesterday morning. I know of no American whose freedom and liberties have been interfered with. I feel stronger today in the possession of those rights that make up personal liberty than I did 12 years ago when we were in the throes of an economic conflagration.

The gentleman from Wisconsin is shooting at the wrong target. He would be better off if he used as his target Hitler and Nazi Germany, Hirohito and vicious and imperialistic Japan, instead of a target that tends to bring about division among our people.

The SPEAKER. The time of the gentleman from Massachusetts has expired.

Under previous order of the House, the gentleman from Missouri [Mr. MILLER] is recognized for 20 minutes.

#### WAGE INCREASE FOR RAILROAD EMPLOYEES

Mr. MILLER of Missouri. Mr. Speaker, I desire to invite the attention of the Congress to a manifest injustice which should not only challenge its interest, but should also enlist the support of every Impartial Member of this body.

More than a year has elapsed since the railroad employees of America sought in

a peaceful and orderly manner to obtain a raise in their rate of pay comparable to the rise in the cost of living. Every fair-minded citizen who espouses the cause of economic justice and who recognizes the tremendous job that is being done so well by the railroads of this country under difficult conditions, realizes that the credit is largely due to the efficiency and fidelity of the employees of this great industry.

No one can deny that during this period an amicable settlement has been sought of this question, or that the employees have steadfastly followed and scrupulously complied with existing legislation. They have tried to compose their differences within the framework of the machinery set up to determine such questions.

These men have played the game fairly and have patiently followed the processes of negotiation and adjustment, while wage increases have been granted to compensate for the existing inequities in other industries.

Who are the men of whom I speak? They are some of the finest citizens of my district, of my State, and of the Nation. They are, first of all, fundamentally American. They believe in our form of government and support its institutions. They help provide for the maintenance of our schools, colleges, and churches. They frequently take an active interest in the affairs of their community. They buy bonds cheerfully and pay taxes with a minimum of muttering, as they unselfishly send their sons to battle, while they keep the wheels of transportation rolling and the sinews of war flowing to every front. No one appreciates more than they the gravity of the great struggle in which we are now engaged. No group of American labor is more devoted to the successful prosecution of this war or more determined to bring it to a victorious conclusion than are these men. Many of them, as well as the members of their families, are in the armed forces.

How big is their job and how well are they doing it? Without burdening you with a detailed recital of statistics, suffice it to say that in 1918 at peak performance, the railroads transported slightly over 400,000,000 ton-miles of freight, and handled about 43,000,000 miles of passenger travel. However, in 1942, with one-third less locomotives, one-fourth less freight cars in use, and 1,000,000 less employees than in 1918, these same roads transported over 630,000,000,000 ton-miles of freight, and handled 54,000,000 miles of passenger travel.

This is an amazing record which, according to reliable statistics, will be far surpassed this year—a matchless epic of performance, which is all the more impressive when you consider the difficulties under which the job is being done. The extraordinary demands made upon the railroads in wartime do not permit its equipment and rolling stock to be maintained at near perfection levels. Instead, the tremendous drain upon transportation facilities has made it necessary to do the best with what was available.

Railroading under normal conditions is a hazardous occupation, but in the stress of wartime, with insistent demands for the immediate delivery of precious cargoes of freight and passengers, it becomes doubly dangerous. Those engaged in this important industry must be mentally and physically fit. They must be able to withstand the rigors of temperatures ranging from 100° above to 50° below zero. They must accept snow, ice, and sleet in some sections and seasons as a matter of course, while at the same time seeing that the trains get through. Death frequently lurks in defective rails and switches, and from unseen and unsuspected sources misfortune stealthily strikes and able-bodied men are transformed into physical wrecks and hopeless cripples.

Truly, this is an industry that taxes the employee's physical capacity and health to the limits of human endurance. Yet these men have never spent an idle hour in the past 20 years because of strikes. They have never failed or faltered on the job. The record of their service is one of continuous devotion to duty and an abiding solicitation for the care of the property, equipment, and lives entrusted to their custody.

These men have bought millions of dollars worth of War bonds out of their earnings and savings, and I am reliably informed that they have applied for more War bonds than the Treasury has allotted them. This they do as they conceive it to be their duty as good citizens. They would like to continue the purchase of these bonds in the future in even greater amounts than in the past. But let me remind you that with the increase in taxes and the cost of living, together with the diminished family income due to so many of its members being in the armed forces, they will have to forego further purchases of bonds unless substantial adjustments are made in their wages and made now.

Unless this is done, what do you expect to happen to the morale of these men? Their faith in and their loyalty to the service has been attested in the following words which were taken from a report of the Lane Commission:

That there has been such steadfast loyalty to the railroads, and so slight a disposition to use the lever of their necessity and their opportunity to compel by ruthless action an increase of wages is not without significance, and should not be passed without public recognition.

Mr. Speaker, that loyalty so eloquently referred to might quickly disappear and might easily turn to bitterness and dismay. This must not happen. The grave injustice of this situation can certainly be avoided by the simple expedient of approving an increase in wages for these loyal Americans, which will enable them to meet the rise in the cost of living and help carry the burdens of present-day taxation.

It must be remembered that no differences exist between management and labor at present regarding a raise in pay for the nonoperating railroad men. Both parties are agreed there should be an increase in pay of at least 3 cents an hour. But one bureaucrat here in



Washington in his imperious wisdom brushes aside this agreement and substitutes his caprice for the combined judgment of the men who best understand this problem—that is, the management and the Brotherhoods.

The railroads recognize that with increased business and improved earnings, they can afford a raise in pay of 8 cents an hour. It might be well to recall that in 1932, when the railroads were suffering, as all other businesses were suffering, a severe depression, the employees of the railroads took a cut of 10 percent in their earnings, and they did this out of a spirit of fairness, feeling that they should take note of the financial difficulties under which the roads were operating, and that they should help to keep the railroads running.

Intelligent management realizes the importance of keeping labor happy and contented, and in this instance, intelligent management has combined with labor in bringing about and seeking the approval of a wage adjustment.

What is the record of the Government in dealing with this particular problem? Why does it callously continue to refuse to approve of the raise agreed upon and frustrate the work and purposes of the management and the employees of the railroads? The patience of the employees has been taxed to the limit. The failure and refusal of an agency of the Government to approve the adjustments agreed upon is not only discouraging to everyone but demoralizing to the industry itself.

The records of this case disclose that in September 1942 the representatives of the railroad employees notified the companies of their desire to obtain an increase of 20 cents an hour, with a minimum hourly wage of 70 cents. The management denied this request. Then, in December 1942, management and the representatives of the employees endeavored to compromise their differences; and when this failed, the Mediation Board, in January 1943, undertook hearings. And when the interested parties were unable to reach an agreement, the President in February of 1943 issued Executive Orders Nos. 9172 and 9299, and appointed an Emergency Board to consider the question. Thereupon, after the Board had held numerous hearings in May of 1943 it recommended an increase in wages of 8 cents an hour. However, in June of 1943, Mr. Vinson, Economic Stabilization Director, without any apparent justification and in complete defiance of the recommendations of the Emergency Board, denied an increase in pay. Then, in August of 1943, the management of the railroads and the representatives of the Brotherhoods reached an agreement based upon the findings and the recommendations of the Emergency Board increasing the rate of pay 8 cents an hour.

Since that time, Mr. Vinson has been in a complete official eclipse, insofar as the settlement of this question is concerned. He has done nothing, while the employees of the railroads have continued to carry on faithfully and un-

selfishly in the performance of their work. The railroads have been kept running and they have met the demands which the traffic of a nation at war has made upon them.

The official inaction of Mr. Vinson is matched only by his lack of understanding and appreciation of the importance of a solution of this problem now to the employees of the railroads and the industry itself.

It is an admitted fact that the rate of pay of the average railroad employee as compared with that of men of similar skill in other industries is concededly low. For example, skilled mechanics in railroad work receive only 95 cents an hour, whereas the rate of pay in other industries for the same work is considerably higher. In fact, the experienced railroad mechanic is paid a wage about equal to that of unskilled labor in certain other industries, yet unskilled labor of railroads receives as little as 46 cents an hour.

These men must pay the same rent, the same grocery bill, the same insurance, and virtually the same taxes as others receiving a higher rate of pay. In the end, there is little left for the railroad employee except the consolation that comes from the permanence of such a job by reason of the seniority gained through long years of service.

These men have not received increases in pay to the extent of 15 percent as recognized by the Little Steel formula, although that is the yardstick which has been used to provide the means for those in other industries to meet the rise in the cost of living.

Everyone devoutly hopes that it will not be necessary for the railroad employees of this Nation to resort to any other measures in order to obtain that which management agrees they are justly entitled to, and which every fair-minded American covets with the case approves. Let me remind you that should these men become disgusted with the delay in disposing of this matter, and should a break-down occur in our transportation system, then this regrettable result would be due solely to official obstinacy and ineptitude, and what I believe to be administration maneuvering. The administration, in my judgment, is playing politics with wage-adjustment demands of railroad labor and thereby jeopardizing the efficiency of the Nation's transportation.

Mr. Speaker, it requires no strained construction of this deplorable affair to say that it bears all the earmarks of being made a political football. Mr. Vinson is the personal appointee of the President. So far as we know, he possesses little or no experience in the operation of a railroad and no interest in the mutual agreements of its management and employees. Mr. Vinson is not only the President's appointee but his alter ego in this matter. It is proper to conclude that Mr. Vinson was either acting under the orders or with the consent of the President in setting aside the recommendations of the Emergency Board and in since failing to approve the settlement

reached by the railroads and the representatives of their employees.

To say that the President did not know of and did not approve of the conduct of Mr. Vinson in this case would be to conclude that the right hand knoweth not what the left hand doeth. Is there politics in this equation? Does the President propose at the eleventh hour to make a triumphant entry upon the scene, then dramatically override Mr. Vinson and have another board approve this agreement? And then claim that all the while he was the stalwart friend of labor and had saved them from this sickening situation?

It is not only well worth watching, but one could safely hazard the prediction that the President will at the appropriate time insist upon some other board or agency overriding Mr. Vinson's order and then claim the credit for the very small raise in wages to which everyone concedes these men are so justly entitled.

Mr. Speaker, the solution of this question does not lie with the Congress. It is beyond the power of Congress to intervene or to push Mr. Vinson off official dead center. However, the inexcusable delay and the responsibility for the failure to settle this question rests squarely upon the shoulders of the President and his personal appointee, Mr. Vinson.

The time is ripe—rotten ripe—for official action calling for the immediate approval of the agreement to raise the rate of wages of both operating and non-operating railroad employees.

Mr. BENNETT of Missouri. Mr. Speaker, will the gentleman yield?

Mr. MILLER of Missouri. I yield to the gentleman from Missouri.

Mr. BENNETT of Missouri. I agree with the gentleman's masterly presentation in behalf of the American railway worker and his condemnation of politics being played with the wage stabilization question. The gentleman has put the oil where the squeak is.

The SPEAKER pro tempore. The time of the gentleman has expired.

#### EXTENSION OF REMARKS

Mr. JOHNSON of Oklahoma. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and to include a letter from Mr. James Patton, president of the Farmers' Union, and a letter to him from the President of the United States.

The SPEAKER pro tempore (Mr. RAMSPECK). Is there objection to the request of the gentleman from Oklahoma [Mr. JOHNSON]?

There was no objection.

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Arkansas [Mr. GATHINGS] is recognized for 25 minutes.

#### TAXES AND INFLATION

Mr. GATHINGS. Mr. Speaker, I take this time to discuss a most important matter which affects the whole of the American people. I do not know of any proposal which is of more importance and demands as much attention as the question of taxation. The Treasury De-



INCOME TAX.

RESOLUTION

OF

THE LEGISLATURE OF NEW YORK,

RELATIVE TO

*The repeal of the income tax.*

MARCH 13, 1871.—Referred to the Committee of Ways and Means and ordered to be printed.

STATE OF NEW YORK.

IN SENATE, *Albany, February 28, 1871.*

*Resolved, (if the assembly concur,)* That the Senators and Representatives in Congress from this State be respectfully requested to use every exertion, before the adjournment of the present Congress, to repeal the income tax.

*Resolved, (if the assembly concur,)* That a copy of this resolution be transmitted to our Representatives in Congress.

By order:

HIRAM CALKINS, *Clerk.*

IN ASSEMBLY, *February 28, 1871.*

The foregoing resolutions were duly concurred in.

By order:

C. W. ARMSTRONG, *Clerk.*

years, than Hitler is producing after more than 8 or 9 years.

The tide of the battle seems to be turning. The myth of Hitler's invincibility is being exploded. He is beginning to have more and more difficulty maintaining order in the countries he has conquered to date. Frequent and repeated outbreaks are being reported in occupied France and Belgium. Barely a night passes in the course of which some Nazi soldier is not buried in the canals of Holland. Soldiers do not venture forth alone at night in Poland, Czechoslovakia, or Greece.

The Serbs have retaken one-third of Jugoslavia and made it necessary for Hitler to divert three of his divisions from the Russian front in an effort to curtail the revolt. Acts of sabotage occur daily along the lines of communication and in the factories in occupied countries. The people of Italy are aroused to such an extent as to make it necessary for Hitler to send in his troops for police duty. These frequent revolts, occurring in various parts, necessitating the frequent shifting of his armed forces is bound to weaken his position and thereby make him all the more vulnerable.

Our lease-lend aid is apparently beginning to show results. The successes of the British forces in Africa, using American supplies and equipment, and the reversal suffered by the Nazi forces in their defeat and retreat from Moscow and other parts of the Russian front offer the best and most encouraging news of this war. These setbacks suffered by the Hitler forces, no doubt, played an important role in Adolf Hitler's final determination to bring the United States into this conflict, hoping thereby to curtail our supplies under the lease-lend plan. In this situation, therefore, we are faced with a challenge testing whether or not we shall be able, with our democratic industrial system, to produce enough for our own requirements and simultaneously satisfy the requirements of our Allies in this battle to destroy the Nazi attempt to create a new pagan world order.

Success in modern warfare rests not only upon a nation's manpower in uniform but just as much also upon the manpower in industry. Our manufacturing facilities are equal to, if not greater than, that of all Europe combined. Added to this, our American genius in mass production and our wealth of national resources should make us more than an even match for the Axis Powers now that we are united as a people in purpose and determination. It is our job to make our potential industrial superiority a reality.

Since, at most, we can but conjecture as to what supplies the Axis have on hand and its rate of output, it is difficult to prophesy or venture to guess how long this war may last. It would appear important and prudent to prepare for an extended conflict. Events may take a turn that might end the war within a year, and, on the other hand, it may last as long as 10 years.

But whether this war be long or short, it would be wise to give some thought to the kind of world and peace we may be able to effect at its conclusion. It should not be necessary for civilized nations and peoples to have to settle their differences in the barbaric manner of war. We should give serious consideration to providing for a world in which our children and our children's children will not be obliged to pay repeatedly, each generation, in "blood, sweat, and tears," for the sins and mistakes of their fathers.

The months ahead will be filled with days of sorrow, for even the hours of joy will be tinged with grief. There will be disappointments, there will be setbacks, there will be days of anxiety, when we shall be looking eagerly for information about our dear ones. But each and every one of us must cooperate toward the realization of victory in this conflict. The morale of the people at home will be reflected in that of the men in uniform.

We must be patient, we must be able to discern fact from rumor and propaganda of fifth columnists. We must not allow hysteria to reign. We must not allow our zeal to overcome our good judgment.

We must be ready and willing to make definite sacrifices by often doing without many luxuries we have grown to consider necessities. We may be obliged to drive our present autos beyond the time contemplated. Taxes will be heavy, and heavier as the war progresses. Our leisure time will be called upon for participation in defense projects, the civilian-defense program, and Red Cross activities.

As a nation, we have never suffered defeat. Today, we commemorate the one hundred and fiftieth anniversary of the Bill of Rights, which represents the rights of the individual in our constitutional democratic system. It is in the Axis denial of these rights to their people that their philosophy and ideology is most at variance with ours. In this conflict we will either win or lose. Our defeat would mean our loss of these rights for which our forefathers have sacrificed so much and which is the very meat and foundation of our American way of life. Never in our history have we been as united as we are today. With so much at stake, we must win. What is worth preserving certainly is worth fighting for. Patriotism is not an emotion, but a duty.

### Regarding Continuation of A. A. A. Control of Production

#### EXTENSION OF REMARKS

OF

### HON. CLIFF CLEVINGER

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, January 8, 1942

Mr. CLEVINGER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following resolutions of Defiance, Ohio, County Farmers Protective Association.

We believe the desire among the farmers of the country for real defense and all-out aid in prosecuting the war is second to no other group.

We believe it is essential that this desire be unified in the common effort to produce all that is possible.

We believe crop restrictions and payments for nonproduction is contrary to the expressed desire for more food and thereby destroys morale.

We believe the best and easiest plan to create more funds available for the Government is to eliminate nonessential expense.

Therefore, it is the opinion of the undersigned organization and the representatives of their respective townships:

That the farmers of the country could better perform their task if the crop restrictions were removed.

That present prices, together with the urgent need of money for defense purposes, do not warrant the hundreds of millions of dollars paid out through the Agricultural Adjustment Administration.

That crop ceilings and restrictions on the same commodities do not make sense.

That ceilings on domestic fats and oils sufficient to depress the market is contrary to the expressed desire for more agricultural products which produce fats and oils.

That insistence on the part of the Agricultural Adjustment Administration to continue

this huge expenditure of money in this crisis is needless and wasteful and a very decided drag on the war effort.

That the very existence of the Agricultural Adjustment Administration threatens the morale, confidence, and cooperation which is necessary to command the best effort from everyone.

Defiance County Farmers Protective Association: Tom Stykemain, chairman; William Beck, vice chairman; Neilus Townsend, treasurer; H. W. Belknap, secretary. Thomas E. Stykemain; William Beck; N. Townsend; H. W. Belknap; J. J. Hopkins; E. T. Lebdell; Britton Mansfield; Raymond Bayliss; R. W. Stork; Walter E. Smith; A. F. Rathge.

### Income Taxes Paid by Members of Congress

#### EXTENSION OF REMARKS

OF

### HON. U. S. GUYER

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, January 8, 1942

Mr. GUYER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include a letter I have written to the Washington Daily News in reply to a letter which appeared in the December 24, 1941, issue of the News, in the Letters to the Editor department:

JANUARY 8, 1942.

The WASHINGTON DAILY NEWS,  
Washington, D. C.

GENTLEMEN: In the December 24, 1941, issue of the News I find the following letter included in the Letters to the Editor department:

"Congressmen Flayed for Avoiding Taxation.

"I would not, if I had the opportunity, swap my boots with Congress in order to exempt my small salary of \$1,380 per year from taxation. Congress has brazenly exempted each of its \$10,000-per-year Members from taxation. Such a privilege, in these days and times, would scarcely become a king, to say nothing of a group of Christian, democratic gentlemen.

"HARRY DANIELS."

This is a repetition of the ancient libel upon Congressmen that they have exempted themselves from the income tax. I am not surprised that some uninformed writer of occasional letters to the press should reiterate this moss-covered slander, but I am somewhat surprised that a reputable newspaper should let such a false statement slip past its scrutiny.

Congressmen have paid income taxes exactly as long as anybody in this country has paid such taxes, and to the same extent, except that a businessman is given a decided advantage in the operation of the law. A newspaper, for example, may deduct expenses incurred in the conduct of such business, including campaigns for support—advertising and subscriptions. But this is not true with the Congressman. The legitimate expenses of a Congressman's campaign for reelection averages from \$2,000 up to the limit which the law allows him to spend, depending upon the population of his district. He is allowed no deduction for such expenses, not even for the contributions he makes to

whom serve in the House of Representatives and 96 in the Senate. Among approximately 2,000,000 public servants this is the limit of their selective capacity—exactly 531. They represent the connecting link and tie of the people with the Federal Government, and the only voices they have of their own choosing. A Member, too, that the people of any one congressional district select 1 and 1 only. They have the absolute choice of their servant in the House of Representatives. They must join with the people of many other congressional districts in their own respective States in choosing their Senators. How limited, then, are the people of any 1 of the 435 congressional districts in determining their Federal employees. One out of 2,000,000.

It seems somewhat anomalous, but certainly true, that sometimes the lion's share of criticism for governmental ills falls upon this little band of the only direct representatives of the people. How often, I wonder, is that little group made the scapegoat for failures for which it is in no way responsible. Criticism of the Congress seems to be a popular indoor sport. It has been my observation that in normal times and under normal conditions Members of Congress are true cross-sections of the constituencies that elect them. Perhaps there is a grain of solace for our democracy in the fact that the people are willing to ascribe their governmental ills to this little group that they themselves select.

With our governmental division of powers, it may be a little difficult at best for 531 representatives of the masses to measure up fully to the obligations of responsibility of 2,000,000 public servants. Surely these representatives are actuated by patriotic motives. Perhaps the popular criticism should be more widely distributed. A centralization of censure might conceivably be diverted somewhat to another centralization of power which is menacing the perpetuity and prosperity of the dual system of government which those founding fathers sought to establish.

As loyal Americans we are all vitally interested in keeping the governmental policy true to its original concept. Let us be today worthy successors of those who formed our Government which for a century and a half has adhered to the principles upon which it was founded. I think it pertinent and important to bring these considerations to the attention of our people in order that the boys at the front who are giving their all to preserve our system of democracy may be aided and supported by those of us at home striving constantly to keep for the ages the blessings of our governmental system as designed by the patriots who established it.

Mr. LUTHER A. JOHNSON's address was as follows:

First, let me make this observation. During my visit home and to my district a few weeks ago, I was pleased to learn from many sources that the people of Texas listen to the Texas Forum of the Air.

When we talk here in Washington into the microphone, we always wonder whether any considerable number will hear our voices, and it is gratifying to know that many people throughout the State listen to this program every Sunday, and I want to congratulate Hon. WRIGHT PATMAN, the chairman of the Texas delegation in the House, who initiated it and is sponsoring it each week. It takes a lot of his time, and he is a very busy man, and I want to congratulate him upon the fine public service that he is rendering to his country, for the people are interested now as never before in what is happening in Washington.

My colleague, Congressman FRITZ LANHAM, of Fort Worth, has just made a very fine statement upon a very important subject. He has, with clarity and his usual eloquence, given the historical background of the creation of Congress and its outstanding importance in our Federal Government.

Congress has always been the target of the critics, and, in fact, legislative bodies, not only in the Federal but the State governments, and legislative bodies of other governments have likewise suffered.

John Quincy Adams was the only President of the United States who served in the House of Representatives after he had been President, and history records that while a Member of that body, he severely attacked and criticized Congress the day after it had passed the resolution annexing Texas to the United States. He was angered because Texas was to be admitted into the Union, and said that it was one of the saddest days in the history of our Republic, that Congress should have so decreed, his reason being that it meant the admission of another slave-holding State, when the question of the abolishment of slavery was fast becoming a vital issue.

One of the first speeches I made as a Member of the House was in defense of Congress, back in 1925. That was in the Republican administration of Calvin Coolidge. The press at that time and big business interests throughout the country were seeking to destroy Congress because it would not do their bidding.

It is not a matter of surprise, therefore, that in these dark days, when the Republic and its institutions are on trial for their life, in the greatest war the world has ever known, and when people are having to make sacrifices by sending their boys to fight and die for their country, and when they are being deprived of the necessities of life and are having to change their mode of living, that many who feel a spirit of unrest and dissatisfaction, and cannot attack the President of the United States because he is the Commander in Chief of our armed forces, resort to an attack upon the Congress of the United States.

The criticism most often heard is that Congress is abrogating its powers and conferring them upon the President. In peacetimes this would be a valid criticism, for Congress has conferred vast powers upon the President, but it must be remembered that we are at war, and in times of war the ordinary processes of government, when they interfere with or slow down the war program cannot be maintained.

We are fighting for our life and for our very existence, and things are happening so fast that time is of the essence, and a day's delay may be fatal to our cause. Twenty-four hours in wartime is as long as 6 months in peacetime. Conditions change over night. History is being made every hour, and therefore supreme power and supreme command must be vested in the President of the United States, and that is what Congress has done. But these powers are not permanent, but temporary, and they will automatically terminate when the war is over. That is what Congress did in the last war when Woodrow Wilson was President, and the danger confronting us now is vastly greater than it was then.

We are fighting now a cruel, relentless, and powerful enemy who has already conquered and made slaves of nearly all of Europe and a major portion of the Orient. They have taken all of the resources, industries, factories, and shipyards together with the manpower of these millions of conquered people, and are now using them as vassal slaves to build tanks, planes, guns, ships, and ammunition to use in conquering the rest of the world.

When you hear Congress condemned and criticized, let me remind you that out of the holocaust of war there now remain but two great parliamentary bodies in all the world; and if our enemies win these will vanish.

In the Axis Powers and in the countries they have conquered, all legislative bodies have been abolished, and this will likewise

be true in all countries of the world if they triumph.

FRITZ LANHAM was right, therefore, when he said that our boys are fighting and giving their lives to preserve these institutions of which Congress and representative government is the very soul.

Congress has made mistakes, and it will continue to do so, but these mistakes can and will be corrected so long as the people under our form of government determine who its Members shall be.

Critics may speak in disparagement of our national lawmaking body, but its membership, coming from every section of the country, and representing as it does divergent views and faiths, both political and religious, might be compared to a great mosaic, reflecting a true cross section of the American people. The action of Congress is ordinarily the reflection of the views of those whom they represent, and is, therefore, the composite judgment of the American people.

If some foolish and fantastic decision should ever be made that one of the three coordinate branches of the Government should be abolished, the legislative, if a democracy is to survive, would be the last to go. Whatever else may be said about the Congress of the United States, with all of its faults and its foibles, it is the palladium of our liberty, and when Congress falls the Republic will die.

## The Tax Bill Conference Report

### EXTENSION OF REMARKS

OF

## HON. DONALD H. McLEAN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, October 26, 1942

Mr. McLEAN. Mr. Speaker, I intend to vote for the conference report on the tax bill. It is the best bill that can be produced after 8 months of effort on the part of two committees and many experts. It is far from perfect, and far from meeting the needs of our situation. The tax problem is far from finished.

My disappointment is that the bill does not contain some provision for the collection of taxes on a pay-as-you-go basis, and for a method of collection which would better suit the convenience of the taxpayer.

Last June I presented a bill—H. R. 7314—providing for the payment of personal income taxes during the taxable year in monthly installments, with a provision which I thought could be applied to avoid the payment of 2 years' taxes in one in order to put us on a current basis. That there is need for such legislation is apparent from the demands for it.

When the tax bill was pending before the Senate, Mr. Beardsley Ruml presented a plan, the principal criticism of which was the suggestion that taxes for 1 year be waived.

I am making another attempt to bring about this reform so that it will be possible for Americans to pay their taxes currently and not be continuously in debt to their Government. This suggestion is contained in a bill which I am introducing and which I trust will have the thoughtful attention of Members of the House.

The scheme provided for in the bill would make possible the payment of income taxes on a monthly basis during the current taxable year. It will not deprive the Government of any taxes, but, in order to avoid the overlap of paying 2 years' taxes in one, the taxes for the previous year are merely deferred and are made a lien on the estate of the taxpayer looking toward their payment at some future time. Government revenues would remain the same, but it would apply to a different year.

For the convenience of taxpayers local tax-collection offices should be established. I have spoken of this on another occasion. Taxpayers should not be required to purchase postal money orders as a means of payment, and, if experience is to be our guide, the post-office facilities will not be able to meet the demands on tax days of the increased number of taxpayers.

### A Charter for Cotton

EXTENSION OF REMARKS  
OF

HON. W. R. POAGE

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 27, 1942

Mr. POAGE. Mr. Speaker, for some while the cotton industry of the United States has been giving consideration to the place of American cotton in the post-war period.

Cotton is a world commodity. Cotton has felt the impact of the war more than any other agricultural commodity. Approximately 50 percent of the cotton produced in this country in normal times is exported. Cotton has a vital stake in the outcome of the present conflict.

The Third Annual World Cotton Congress, held last summer in Dallas, Tex., proclaimed a charter for cotton, based upon the Atlantic Charter enunciated by President Roosevelt and Prime Minister Churchill.

The daily press and trade publications of the Nation have given widespread support to this cotton charter, and I am pleased to include that charter as a part of my remarks.

The 1942 Cotton Congress was sponsored by the State-wide Cotton Committee of Texas, with the active participation and cooperation of the National Cotton Council of America, with headquarters at Memphis, Tenn., and the Cotton Textile Institute, with headquarters at New York.

This charter was drafted by the foreign markets subcommittee of the State-wide Cotton Committee of Texas. Serving upon this subcommittee on foreign markets are such widely known authorities as Dr. A. B. Cox, of the University of Texas; Peter Molyneux, Victor Schoffelmayer, Marc Anthony, and A. M. Grayson, of Dallas; Lamar Fleming, Jr., and R. O. Beach, of Houston; Dean E. J. Kyle, of Texas A. & M. College; Ben J. Williams, of New Orleans; R. C. Dicker-

son, of Memphis; and L. T. Murray, of Waco.

At the request of Burris C. Jackson, of Hillsboro, general chairman of the State-wide Cotton Committee of Texas and a director of the National Cotton Council, Dr. Cox has prepared an introductory statement concerning the charter for cotton.

Both the introductory statement and the cotton charter follow:

#### INTRODUCTORY STATEMENT

Wars in this industrialized world are struggles, primarily, for access to raw materials of industry and to markets for products of industry; and access to raw materials is of little value without access to market, for in this world of mechanized mass production large volumes of raw materials cannot be purchased and would be useless unless the manufacturer can get into markets with his finished products.

There are two major sources of industrial raw materials—farms and mines. Because of the limitation of climate, soil characteristics, and plant requirements production of each useful crop of the world, such as cotton, citrus, corn, and sugarcane, are relatively localized, with the result that no country can produce all crops, and all countries are thus inevitably more or less interdependent.

What has been said of world distribution of crop production is even more pronounced in the case of important minerals. Geological conditions effective in the accumulation of such vital minerals as iron ore, coal, petroleum, and copper have not been the same in all countries. The result is that one country may have abundant supplies and another be scantily supplied, and no country is independent of all the rest. History shows that even the best supplied country is becoming more, and not less, dependent on outside sources in spite of all efforts to find substitutes or to become industrially independent.

The world has come to understand and to recognize the interdependence of countries in the case of important raw materials, but so far they have refused to recognize that access to markets for finished goods is essential to make access to raw materials a reality.

Any attempt to establish free trade in raw materials and keep protection on markets for finished manufactures is both impossible and highly unjust, for no group within a country, regardless of how strong, has the moral right to lay tribute on another group within the country regardless of how weak the latter may be.

The charter for cotton which follows recognizes the fundamental principles outlined above and is a translation of the Atlantic Charter so ably outlined and dramatically presented by President Roosevelt and Prime Minister Churchill in August 1941 into concrete principles for cotton, one of the world's major raw materials, and the industries built on it.

The development of a charter for cotton was fostered by the foreign markets committee of the Texas Statewide Cotton Committee, but the objective is a statement of fundamental principles of sound international relations applicable to all commodities and to which all who believe in the principles of the Atlantic Charter can readily subscribe.

#### A CHARTER FOR COTTON

The responsible leaders of the United Nations have repeatedly declared that the enjoyment by all countries, great and small, of access on equal terms to the trade and to the raw materials of the earth is one of the fundamentally essential after-the-war objectives.

Specifically, they declared this in the Atlantic Charter, signed at sea in August 1941 by the President of the United States and the

Prime Minister of Great Britain, and reaffirmed it in the Declaration of the United Nations, signed by 26 countries on January 2, 1942, and in the economic pact between the United States and Great Britain, open participation by all other countries of the mind, signed on February 24, 1942.

Endorsing these declarations unreservedly and proposing the practical application of the principles they embody, we affirm:

1. That cotton is the most important textile fiber used by man; that its manufacture is a major industry in nearly every country; that it constitutes more than half of the total of all fibers of all kinds consumed annually in the world; and that it is, therefore, one of the most essential of the primary raw materials of world industry and world commerce.

2. That considerably more than half of the best cotton land and cotton-production capacity on the earth is within the boundaries of the United States.

3. That access by all countries, great or small, on equal and equitable terms, to American cotton, the product of more than half of the earth's cotton-growing area, is an absolutely essential part of the program set forth in the declarations of the responsible leaders of the United Nations for the establishment and maintenance of a prosperous and a peaceful world.

4. That access on equal and equitable terms to the markets of the world by the cotton producers of the United States is quite as vital a part of that program.

5. That such accessibility in each country within the control of the Government of the United States to a determining degree, that in order to attain the declared objectives of the United Nations, cooperating together after the war, it is essential that the governmental policies of the United States, especially those affecting its commerce with the rest of the world, shall be formulated and piled with these objectives primarily in view.

### Pseudo Wits, "Skimocrats," and Congress

EXTENSION OF REMARKS  
OF

HON. BERNARD J. GEHRMANN

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, October 27, 1942

Mr. GEHRMANN. Mr. Speaker, under leave to extend my remarks in the Record, I include a story written by Hugh Russell Fraser, one of the outstanding writers of our day. The story appeared in the October 19 issue of *The Progressive* and is entitled "Pseudo Wits, 'Skimocrats,' and Congress":

PSEUDO WITS, "SKIMOCRATS," AND CONGRESS  
(By Hugh Russell Fraser)

The pseudo wits and "skimocrats" are here again. They have been at it since 1776. Their yowling about the sins of Congress comes in cycles. It dies down only to be heard again.

In Jefferson's day the name calling was bad in the press that he complained that the only thing "one can believe now in the newspapers is the advertisements."

That was, of course, a slight exaggeration but the unfairness of the tirades against Congress in the press finally embittered him and he began to answer them in kind.

Curiously enough, today the pseudo wits and "skimocrats" are combining their forces



On March 19, 1941, I voted for appropriation for the national defense to be paid to the government of any whose defense the President will to the defense of the United States.

On August 5, 1941, I voted to the President of the United States to requisition property required for the defense of the United States.

On October 17, 1941, I voted to the ban on arming American boys at sea.

On November 28, 1941, I voted for the national defense and security by checking speculative and excessive price rises, price dislocation, and

the attack on Pearl Harbor—December 7, 1941.

#### MY RECORD

##### After Pearl Harbor

On December 17, 1941, I voted for all appropriations requested by our military authorities to properly and adequately equip our armed forces.

On December 17, 1941, I voted for resolution to investigate the acts of sabotage.

On December 17, 1941, I voted to increase pay of soldiers, sailors, and marines.

On December 17, 1941, I voted to delegate all necessary authority to the Commander in Chief for the effective conduct of the war.

It is for the people to decide what type of representation they desire in the Congress.

If the isolationist, do-nothing policy of my predecessor is desired, then the people should vote for my opponent.

If the people prefer a vigorous prosecution of the war to bring about a speedy and decisive victory, a peace to guarantee a world of human freedom, a square deal for our boys in the armed forces, the prosecution of the disrupters of national unity and those who spread prejudice, bigotry, and dissension, then I merit their support.

It is for the people to decide when they cast their vote for their Representative in Congress on November 3, 1942.

## Pay-As-You-Go Taxation

### EXTENSION OF REMARKS

OF

## HON. FRANCIS CASE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1942

Mr. CASE of South Dakota. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following article by Mr. Beardsley Ruml, chairman of the Federal Reserve Bank of New York:

**PAY-AS-YOU-GO TAXATION—THE DANGER IN INCOME-TAX DEBT AND WHAT WE CAN DO TO GET FREE OF IT**

(By Beardsley Ruml, chairman, Federal Reserve Bank of New York)

The pay-as-you-go income tax plan has had from the very beginning the hearty support

of many officials of State and local governments. These officials see in no uncertain terms the danger that will exist to the financing of their own communities if a load of Federal income tax debt is permitted to carry on through the war and into the period beyond the war.

Few people realize how much money they owe the Government for income tax. They seem to feel that since they have just paid an instalment on September 15, and since the next payment isn't due until December 15, for the time being at least they are not in debt for income tax. They are wrong. They are in debt now for the instalment still due this year, and, worse, they are in addition in debt for income tax on what they have already earned this year. Under our present system this debt will have to be paid next year whether they then have any income or not.

If they die this amount will be taken from whatever estate they leave. If they lose their jobs there will be a charge against what they have saved. If their earnings are less, the full tax has to be met out of the lower earnings. Nothing can stop the march of the days, and when the due date comes they must pay the tax they owe on the income they have already had. It is a real debt, and practically all income tax payers are actually in debt for about 1 year's full income tax.

The present system is a bad system. It is a dangerous system for all of us, and it should and can be corrected.

Income-tax debt is the meanest kind of debt there is because it only hurts people when they are in trouble. As long as our incomes are the same, or better than they were last year, we can keep on paying that income-tax debt.

But if anything happens to this year's income, the income-tax debt remains and there is trouble. Men are called into the armed services; others go into Government work at lower pay; men and women are displaced from peacetime industry by wartime dislocation—some suffer sickness and accident others must retire because of advancing years. All of these find that now, with the new high tax rate, their income-tax debt is an intolerable problem, wiping out savings that have been accumulated over the years, and for tens of thousands that have already been injured millions of us are in danger because we are each subject to the same hazards and the same inevitable loss of income.

The sooner the problem is solved, the easier it will be to solve. In 1940 there were 4,048,619 income-tax payers; in 1941 there were 7,645,473; in 1942, 17,688,219. On the 1st of January 1943, under the revenue bill of 1942, there will be 26,900,000 taxpayers in debt to the Federal Government for tax on their 1942 income—an increase of 22,850,000 since 1940. It is clear that the Government cannot continue for long to be the creditor of some 27,000,000 taxpayers and their families in debt for income tax, particularly when there is no substantial question of revenue involved in skipping a year and getting the whole country on a current pay-as-you-go basis.

Not only are the numbers of taxpayers much larger than they were, but the amount of debt for each taxpayer is much greater than is commonly understood. Here are the figures now in the new tax bill. Unless we get the pay-as-you-go plan, a man with a taxable net income, after exemptions, of \$4,000 in 1942 will owe the Government \$320 on New Year's Day 1943. If his income as above was \$5,000, his debt will be \$1,030; and if \$10,000, the Government will claim \$2,620 from him, even though his earnings are lower in 1943 or completely disappear. If he dies, these sums will be taken from whatever remains of his estate.

The income-tax debt on smaller incomes is likewise startling. For example, a taxable net

income, after exemptions, of \$2,500 leaves a debt for next year of \$490 and even \$1,000 means \$190 still to be paid. A stenographer who has been making \$30 a week during 1942 and who gets married in the early part of next year will carry to the altar an income-tax bill for \$192.04; and if she happened to be a secretary getting \$50 a week, the happy couple will start off being in debt to Uncle Sam for \$386.40 on her account.

If the pay-as-you-go plan is adopted, all these taxpayers will be income-tax-debt free, except for any necessary year-end adjustment. And they will stay on a current paid-up basis, since they will be paying income taxes on what they earn as they earn it.

#### THREE-WAY PLAN

The pay-as-you-go income-tax plan is a three-way plan; it applies only to individuals and not to corporations. First of all, it is a plan that will relieve thousands of citizens from hardship and distress arising from income-tax debt, and that will bring peace of mind to millions more who are in income-tax-debt danger.

Second, it is a method for clearing the decks for an all-out war-financing program. If we can all be free of income-tax debt on the first of next year, we can start on a pay-as-you-go basis and stay there. If we need high withholding taxes, we can have them; if we need to supplement voluntary savings with compulsory savings, we can do that, too. But whatever is called for, it would be paid out of the current year's income as an assessment on the same year's income. We would not be paying for dead horses while we are fighting a war.

In the third place, the pay-as-you-go income-tax plan is the best kind of financial planning for the post-war period. Our policies can then be forward looking, not backward looking. We will not be trying to collect income taxes from people who are unemployed; we will not be debating whether we should collect taxes on 1941 incomes from men recently demobilized from the armed forces. We will not have a spending spree in the first little boomlet, financed on unpaid taxes, and then a tax-debt headache if incomes should drop off for a year or so.

The answer to the problem is to pay as we go, but the practical question arises—how can we pay our taxes on current income at the same time we are paying our taxes on last year's income? The answer is as simple as daylight saving. When we decided that it was in the national interest to save fuel and power by going to work an hour earlier in the morning, we simply turned all of our clocks ahead and went on with our business.

This is what has been suggested to Congress as the answer to the personal income-tax problem: that we turn our tax clocks ahead 1 year.

The income taxes which we are paying this year are taxes on our 1941 incomes, so what the plan means is that this year the taxes which we are paying out of our 1942 income would be taxes on our 1942 income, and that at the end of the year we would be paid up, or practically so. Then next year in 1943 we would be paying on 1943, and so on.

If at the end of 1942 we have paid too much tax, we will get a credit. If we have not paid enough, we will make up the difference. This adjustment will be made in March of 1943 when we file our new income-tax return. So we shall be out of debt to the Federal Government on our income tax, and instead be on a continuing cash basis.

In view of the lateness in adopting a tax program, I have suggested that for those taxpayers who have never filed an income-tax return the year 1942 should be skipped for them as a matter of practical necessity.

You may ask how the Government can cancel the 1941 income tax without losing a lot of money that is badly needed for the war effort. The answer is this: Since we all go

along paying our income tax on our current income, the Government will receive in 1943 just as much and perhaps even more revenue than under the present system. The Government will ultimately lose the 1941 tax, but this loss will not occur until we either die or stop earning money, which means that the loss will be spread over the lifetime of the present income-tax-paying generation.

The Treasury has never considered taxes receivable as an asset, and so these taxes can be written off the balance sheet of the Government without the change of a single penny. The Treasury has made the point that the plan would involve the cancellation of several billions of taxes and that this is no time to cancel taxes; but as the Treasury itself admits, the plan would not reduce tax receipts except over a period of many years, and so since actual revenue is the thing that counts now, mere bookkeeping entries are not important.

The Treasury feels that a withholding tax is highly important in keeping taxpayers current. I, too, favor a withholding tax, because it makes it easier for people to keep on a pay-as-you-go basis. But if we want a withholding tax, the pay-as-you-go plan is the only way to solve the problem of having a withholding tax without having some amount of double taxation, that is, of paying 2 years' taxes in one. If a withholding tax provision turns out to be either undesirable or impractical, the pay-as-you-go plan stands on its own feet as a sound method of getting the country free of income-tax debt.

The difficulty with the plan that seems to loom largest in the minds of some is the so-called windfall problem. I pointed out in my original statement that under any plan that gives equal treatment to all taxpayers there will be a certain number of windfall cases, cases of individuals who will benefit unduly because of the fact that for them 1941, or whatever year is skipped, happened to be a year of unusually large income, larger than that of the years that preceded or that followed. Consequently, whatever year is selected, these persons would receive unintended benefits.

In answer, I have pointed out that no tax program will cut with the precision of a surgeon's knife. Furthermore, these few individuals could not have foreseen that this plan would be suggested or adopted, and therefore no deliberate manipulation of income for this purpose is involved.

So far as there is inequity, it resides in being too beneficial to some few taxpayers, but since the plan is beneficial to all and harmful to none, inequity of this kind, though regrettable, is an imperfection of a minor order as compared with the great good that will be achieved.

I have no doubt that once a clear idea has been formed as to what windfall cases under the plan should be taken to be, that provisions can be drawn to catch many of them. I shall suggest certain provisions a little later on. But at best it might not be possible to catch them all—what then?

There are some things that are worse than a few windfall cases. One would be not to adopt any pay-as-you-go plan at all. Another would be to adopt a plan so complicated or so uncertain in its effect that the great good of pay-as-you-go would not be achieved. Another would be not to give equal treatment to all taxpayers under the plan lest the windfall cases receive undue benefits.

Much as I dislike windfalls, even if they cannot be entirely eliminated, I am still for the plan. I cannot bring myself to the point of refusing to do good for millions simply because I will be doing too much good for a few that don't deserve it.

I have made the following three suggestions for minimizing the problem of "windfall" cases:

(1) Do not cancel the 1941 income tax on capital gains. A large part of the true "wind-

fall" problem comes from capital gains because the year in which the gain is taxed is the year in which the transaction happens to be closed. Capital gains are not like ordinary recurring income, and can be properly separated out in the plan.

(2) Provide a special death tax to recover what may be considered "windfalls" arising because of death in 1942, or during some appropriate transition period. This tax should be steeply graduated and should take most of the higher-bracket income tax that would be otherwise canceled, but it should leave some balance of the canceled tax in the estate subject to ordinary estate taxes only.

(3) Take an average of 1940, 1941, and 1942 in all cases where claim for credit exceeds \$10,000, or some other suitable amount. The average of the 3 years will be a practical way of determining a fair normal income for 1941, instead of "windfall" income. The cancellation of 1941 tax would apply to this average income only, and the balance of tax on actual 1941 income to the extent that it exceeded \$10,000 would not be credited or refunded.

The Treasury has proposed a modified plan which would apply to the full tax debt of some taxpayers and to only a part of the tax debt of the rest. Concretely, the Treasury proposed that the tax year of 1942 rather than 1941 be skipped, and then for only the lowest two brackets—that is 10 percent—and that the balance of the tax debt remaining should be paid over the next 2 or 3 years, this, in addition to current income taxes that will be payable in those years. The Treasury concedes that this would leave between 10 and 20 percent of our taxpayers still owing the Government for taxes on their last year's income. This group of 10 to 20 percent includes practically all of administrative, technical, and professional men and women who need freedom from income-tax debt danger as much as anyone else. The Treasury's proposal to change the year from 1941 to 1942 would eliminate from benefits of the plan the millions of men who have gone into the armed services and into the Government this year.

#### GIVES EQUAL TREATMENT

Quite apart from the question as to who is included or excluded, or for how much, I personally favor as a matter of principle the over-all application of the pay-as-you-go plan for eliminating tax debt, giving all taxpayers equal treatment under the plan.

These are my reasons: For those in the lower brackets the plan will obviously have far-reaching beneficial results, since unfortunate circumstances of loss of income will not be doubly unfortunate because of last year's debt.

For those in the middle brackets, it will eliminate countless personal and family tragedies, free many able citizens for public service, and step up the efficiency of American industry by making possible the retirement and pensioning of executives who are holding on, largely to pay their income tax, and never catching up.

For those in the upper brackets, it will make much less practical difference than might appear. First, because, like anybody else, as long as they have their income they continue to pay their taxes; and, second, when they die, what otherwise would have been paid by an individual as income tax on the previous year's income is subject to estate taxes in the highest brackets.

But apart from the practical considerations, the reason I favor over-all application of the principle is because it gives equal treatment to all taxpayers under the plan. In adopting pay-as-you-go, by skipping 1941, I believe we should treat all citizens alike; as we turn the tax clock ahead for some, we should turn it ahead for all, and get the whole Nation out of income-tax debt by the beginning of 1943.

Insofar as we want more equality of income and of wealth, we can have these through the progressive income tax and the progressive inheritance tax, but we should

not use this general income-tax reform—pay-as-you-go—unequally to accelerate indirectly the impact of progressive taxation.

The lack of force in the objections which have been made to the plan has been apparent to press and public alike and has been the subject of Nation-wide comment. The dislike of windfall cases was felt by some, but I have suggested above three methods that would eliminate all of the most objectionable windfall cases. The principle of equal treatment to all taxpayers under the plan has been questioned, but by surprisingly few. I have pointed out that even if Congress desires to limit the application of this principle, we can still have a pay-as-you-go income-tax plan, but it will leave part of our citizens with a remaining income-tax debt. The specific modified plans suggested by the Treasury have been grossly inadequate so far as eliminating income-tax debt is concerned.

#### CONGRESS CONSIDERS PLAN

The pay-as-you-go plan was recommended unanimously by a subcommittee of the Senate Finance Committee and was later rejected by the full committee. The plan may be rejected over and over again but the rejections solve no problems. If the plan is killed in committee, it will be introduced on the floor of Congress. If it is killed on the floor before elections, it will reappear at elections. If it is killed in 1942, it will be revived in 1943. The plan stands on its own feet as a legislative measure, and can be enacted to start all of us on a pay-as-you-go basis for 1943 any time up until March 1, 1943, the day the next income-tax declaration has to be made.

I feel that the pay-as-you-go income-tax plan in a form acceptable to Congress will certainly be adopted, because income-tax payers want to be free of income-tax debt and they know it can be done without hurting the Treasury and without paying 2 years' taxes in one. The taxpayers know that pay-as-you-go solves the problem simply and fairly by skipping an income-tax year. They know the whole trouble was caused by basic defect in our income-tax law, which has existed from the beginning: That of paying a tax on last year's income out of this year's receipts. The defect was not the fault, and they know it. They want it corrected this year and they want to be on a pay-as-you-go basis by the beginning of 1943.

As a nation of individuals we will be able to meet the present and to attack whatever the future has in store for us if we paid up in our income tax, and, being free of income-tax debt we can pay as we wish of what we earn.

### The New Republic and the Union Democratic Action

#### REMARKS OF

**HON. J. PARNELL THOMAS**

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, October 15, 1942

Mr. THOMAS of New Jersey, Speaker, on May 18 of this year New Republic magazine, in collaboration with the Union for Democratic Action, issued a special supplement entitled "Congress To Win the War." This was the keynote of the now famous campaign of Members of Congress to bring about. Shortly after the issue of this special supplement the

may have arrived for drastic action by way of seizure of cattle to get meat to industrial areas. The War Powers Acts give ample authority. The price paid maybe will be the standard price set by the Department of Agriculture or the War Food Administration. The growers and farmers should have no losses, but that meat should be gotten to the East.

The SPEAKER. The time of the gentleman from New York has expired.

#### PAY-AS-YOU-GO TAXATION

Mr. CARLSON of Kansas. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. CARLSON of Kansas. Mr. Speaker, although the House may little note it should long remember July 1, 1943. Today marks the inauguration of a great change in the affairs of the American people. It is the day that marks the beginning of a pay-as-you-earn tax collection system. I believe it is safe to state that this day marks the beginning of the end of retroactive personal income taxation. It is the day on which the employers of the United States begin to withhold all the source taxes on the income of about 40,000,000 persons.

While the Congress did not approve of my original proposal to move the tax clock ahead 1 year without any doubling up of taxes, it did make the greatest change and improvement in our personal income tax law since its enactment in 1913.

I only want to take advantage of the occasion to say a few words which might fall under the heading of "unfinished business" as far as pay-as-you-go taxation is concerned. I am prompted to do this because I know that the final terms of that legislation came to rest rather heavily and somewhat unfairly on some taxpayers and employers. I therefore want to assure all those who may feel they have been unjustly dealt with that pay-as-you-go legislation is not regarded by some as complete, perfect, or finished. As it stands it is merely the best that could be done under difficult circumstances. Therefore, so far as I can do so I shall make every effort to prepare and enact legislation that will remove any inequities which may be demonstrated. Whenever new revenue legislation is again taken up in which changes of that kind properly may be included I shall do all I can to that end.

#### NATIONAL WAR AGENCIES

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill H. R. 2968, the national war agencies bill, with Senate amendments thereto, disagree to the Senate amendments and agree to the conference asked by the Senate.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. CANNON]?

There was no objection, and the Speaker appointed the following conferees on the part of the House: Messrs. CANNON of Missouri, WOODRUM of Vir-

ginia, LUDLOW, SNYDER, O'NEAL, RABAUT, JOHNSON of Oklahoma, TABER, WIGGLESWORTH, LAMBERTSON, and DITTER.

#### EXTENSION OF REMARKS

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein an editorial appearing in the Washington News of June 29.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. SPRINGER]?

There was no objection.

Mr. SCHWABE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include the report of a meeting of farmers living in Howard County, Mo.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. SCHWABE]?

There was no objection.

Mr. CARSON of Ohio. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a resolution from the farmers of Wayne County, Ohio.

The SPEAKER. Is there objection to the request of the gentleman from Ohio [Mr. CARSON]?

There was no objection.

(Mr. O'NEAL asked and was given permission to extend his own remarks in the RECORD.)

#### AMENDMENT TO CIVIL SERVICE ACT CONCERNING THOSE INDUCTED OR ENLISTED IN THE ARMED FORCES

Mr. PHILBIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. PHILBIN]?

There was no objection.

Mr. PHILBIN. Mr. Speaker, I am introducing today a bill which I regard to be of very considerable importance to those who have left their civilian occupations and who are now enlisted in the armed forces of the United States.

This bill provides protection for all those who, while they are enjoying civil service eligibility, are inducted or enlisted in the armed forces, by suspending permanent appointments to civil-service positions for the duration and a short period thereafter. While the bill does not in any way infringe upon appointments under war-service regulations, it gives the service man or woman the opportunity to avail themselves of a previously acquired civil service status at the end of the war.

The bill also provides that no period of time served subsequent to May 1, 1940, shall be counted in determining the period of eligibility for appointment under the civil-service laws if such person's name appeared on an eligible register or on a reemployment or replacement list of the Civil Service Commission at the time he entered active military or naval service or if he attained eligibility during such service.

Since this bill affords a substantial measure of protection to those in the armed forces of our country, I am sure

it will be given very careful consideration by the committee and ultimately by the House.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi [Mr. RANKIN]?

There was no objection.

[Mr. RANKIN addressed the House. His remarks appear in the Appendix.]

Mr. CURTIS. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska [Mr. CURTIS]?

There was no objection.

Mr. CURTIS. Mr. Speaker, I should like to say to the gentleman from New York [Mr. CELLER] in reference to the meat situation that there are many representatives from rural areas that would appreciate very much if he would join in remedying this meat situation. It so happens that before there was interference in Washington meat flowed to New York in plentiful quantities. The trouble is not with the farmer. That is not the place that we need any drastic action on the part of the Government. The action that must be taken is right here in Washington, to stop bureaus, principally the O. P. A., from destroying food and interfering with its processing and distribution.

The gentleman should help us enact H. R. 2837, which would place the entire food situation under one head. This bill is the outgrowth of the farsighted efforts of our minority leader, the gentleman from Massachusetts, the Honorable JOSEPH W. MARTIN, Jr., in creating the Republican study committee on food.

#### GOVERNMENT ARSENALS

Mr. CLASON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

[Mr. CLASON addressed the House. His remarks appear in the Appendix.]

#### MARKETING OF BURLEY AND FLUE-CURED TOBACCO

Mr. FLANNAGAN. Mr. Speaker, I ask unanimous consent for the immediate consideration of the joint resolution (H. J. Res. 144) relating to the marketing of burley and flue-cured tobacco under the Agricultural Adjustment Act of 1938, as amended.

The Clerk read the title of the joint resolution.

The SPEAKER. Is there objection to the request of the gentleman from Virginia?

Mr. MARTIN of Massachusetts. Reserving the right to object, Mr. Speaker, will the gentleman explain the resolution?



In addition, there are numerous syndicated feature services available to any publisher who desires them. Finally, no publisher is denied the right to maintain his own special correspondents and news bureaus. How, then, can the Department of Justice support the charge that the Associated Press rules impose unreasonable restraints upon any publisher who is denied its services? I contend that it is just as logical to say that a motorcar company, or any other manufacturer or service organization distributing its goods or services on an exclusive basis, is fully as guilty of anti-trust violation as the Associated Press. Would it, in your opinion, make sense for the Department of Justice to attack General Motors because that organization refuses to give a person half of a sales territory developed by an already established dealer? Of course not. Even the men who designed this action against Associated Press would laugh such a person out of their offices and tell him that he could not sell Chevrolets to try Fords or Plymouths, or even another line of business.

If there is actually nothing in the activities of the Associated Press which denies to nonmembers the right to gather, distribute, and publish news; if there is nothing in its operating policies actually inconsistent with long-established American principles of business, just what is it that the Department of Justice attempts to prove or to accomplish in this action? Has it really found a point at issue here which has long been overlooked or rejected in other administrations? Has it a just complaint, or is there, on the other hand, real basis for the fears that this is a designed and deliberate attack upon the guaranties of the first amendment to the Constitution? Or, finally, is there any merit in the charges commonly heard that this action is founded on the desire of this administration to promote the selfish interests of certain publishers who promise to be blind followers and supporters of a political administration in payment of special privileges secured?

However you look at this picture, you must be impressed with the thought that there are factors here which do not meet the eye. This is not an ordinary suit, based upon the accepted meaning of the antitrust laws. Neither is there anything new or different in the practices of the defendants which would seem to warrant this attempt to impose an entirely new interpretation of our antitrust laws. Under the circumstances, there appears to be sufficient basis for the charges arising against the Department of Justice to warrant a full and careful review of all the factors involved in this action. Under any circumstances, we must jealously guard the freedoms guaranteed in the first amendment to the Constitution and restated by the President in his words of promise to the entire world. But now, more than ever, as we work under the black-out of censorship which necessarily limits the right of free speech and free press, we certainly must be zealous to

allow no unwarranted infringement of these rights.

The American press has demonstrated over and over again its thorough loyalty. Both before and since the outbreak of war, it has cooperated magnificently in its meticulously careful handling of strategic news, and in its furtherance of our defense and war efforts. It has in every way fully justified the confidence and trust placed in it. It certainly deserves better from the American people than this reward which the administration has prepared for it unless there are circumstances supporting this complaint which have entirely escaped us. I hope the House will see fit, therefore, to undertake a searching review of the whole matter.

#### ITALY'S SAD FLIGHT

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes, if there is no objection from any of those who have special orders.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts [Mr. McCORMACK]?

There was no objection.

Mr. McCORMACK. Mr. Speaker, the capture of Tripoli is a bad blow to the Axis, and is a stunning blow to the Italians. It is apparent from news items that the Italian people did not know of the danger of its capture. Its capture means the fall of the last bastion of the Italian Empire in Africa.

But more, the defeat of Rommel's army and its hasty retreat ought to convey to the people of Italy a greater story—that the Nazis, in a pinch, think only of themselves. Rommel's only interest was to save as many Germans as he could. He left his Italian allies to their fate. His disregard of the welfare of the Italian soldiers engaged in the battle of Africa ought to open the eyes of the people of Italy to the fact that the Nazis have a cold, inhuman regard, not only of those they conquer, but, also, in a pinch, of their own allies.

A Fascist spokesman in Rome Saturday said over the radio:

The eyes of all Italians are turned on Libya as each one asks himself anxiously, "What is happening there?" Well, there is only one answer. We are fighting, fighting harder than ever, and desperately, against overwhelming strong enemy forces. More than this we cannot, at this moment, say.

Yes; something more could be said. The people of Italy could be told, and we should tell them from outside of Italy that the Nazi forces in Africa deserted the Italian soldiers. Rommel thought only of the Germans, and to save as many as he could.

Yes; on the Russian front, the same thing is happening to the Hungarians, the Rumanians, and other non-Germans, most of whom are fighting for Nazi Germany against their will.

The people of Italy and these other countries should awaken to what has happened and is happening to their own people. In Italy, the Fascist regime is dominated by Nazi Germany. For all practical purposes Italy is another conquered country. It has been bled and

it will continue to be bled, as long as the people of Italy remain passive to Nazi control, and as long as Nazi Germany can use Italy and its people.

If the people of Italy did not know it before they must know it now—that Nazi Germany thinks only of itself.

Mussolini's boastful dreams are over. Hundreds of thousands of Italians have been killed, wounded, and captured. Italy has been bled in every other respect. Its soldiers have been left to their fate—deserted by the Germans whenever the going is bad. Italy and its people face a dreadful future.

When the going is rough, the Nazis will desert the Italians in Italy proper just as quickly as they deserted the Italian soldiers in Africa.

The question that interests many persons is, "How long will the people of Italy stand this situation? How long will they continue to permit themselves to be deserted?"

One thing is certain: If Italy capitulated to the United Nations the fate and future of Italy and its people would be much better than continuing under the domination of the Nazi war machine.

The desertion in Africa of the Italian soldiers by Rommel should be stressed in Italy by the propaganda agencies of the United Nations.

[Here the gavel fell.]

The SPEAKER. Under a previous order of the House, the gentleman from Oregon [Mr. ANGELL] is recognized for 15 minutes.

#### PAY-AS-YOU-EARN PERSONAL INCOME TAX

Mr. ANGELL. Mr. Speaker, the President has presented to the Congress a Budget exceeding \$100,000,000,000. On January 19 the national debt was \$109,509,275,786.72. The American people will be called upon to pay taxes to the full limit of their ability in order that as large a portion of this huge war bill as possible may be met from current income. It is important, therefore, to do everything within our power, Mr. Speaker, to perfect our tax structure so that this immense burden resting upon the taxpayers may be borne with a minimum of suffering and hardship.

To this end the Congress and the American people are deeply interested in the proposal to abandon our archaic method of collecting personal income taxes a year and a quarter after the taxes have been imposed upon the taxpayer, and substituting therefor a pay-as-you-go, or a pay-as-you-earn, program collecting the taxes currently; that is, the 1943 taxes, for instance, would be collected in 1943 and not in 1944. This plan is known as the Ruml plan, due to the fact that Mr. Beardsley Ruml, chairman of the Federal Reserve Bank of New York, advanced the proposal to the United States Treasury and to the Senate Finance Committee last year. Under it the 1942 taxes would be abated. This plan is applied to individuals only and not to corporations. As originally proposed it did not include the collection-at-source provision. Its objective is to put personal income taxes on a current basis

without paying 2 years' taxes in one. Mr. Ruml himself said in discussing it on the C. B. S. network January 16 last:

The answer is as simple as daylight saving. Let us turn our tax clocks ahead 1 year. The taxes we have paid last year out of our 1942 income are taxes on our incomes received in 1941. We can best solve the problem now by recognizing these 1942 payments to be taxes on 1941 as they really are; and by beginning 1943 by paying on 1943, thereby dropping out the year 1942 from the tax calendar forever.

This plan has been defined as follows:

Individuals will pay income taxes during a given year on that year's income, determined tentatively by the preceding year's income and subject to year-end adjustment. Taxes for 1942 are waived.

It will be recalled that our first endeavor to levy an income tax ran afoul of the Federal Constitution and it became necessary to amend the Constitution in order to avail ourselves of the income-tax principle. Fundamentally it is based on the ability of the taxpayer to pay, and at the same time giving the taxpayer the opportunity to share in the responsibilities of government by helping to pay for its operation by contributing a fair share of his income with as little hardship as possible.

When the income tax law was passed in October 1913, unfortunately it was provided that the first tax should be collected in 1914 but should be considered as a 1913 tax and should be based on income for the previous year 1913. Since that time we have always been a year behind in paying income taxes. It was an erroneous plan to call this tax the 1913 tax rather than a tax for the year 1914, which in fact it was. It results in great hardship to taxpayers and heavy financial loss to the Government.

In theory a citizen pays taxes to his Government each year measured by his ability to do so for the purpose of securing the advantages of living under the protection of his Government. It is erroneous to assume that any individual citizen having paid income taxes during his entire lifetime while receiving taxable income has not discharged the full duty resting upon him as a citizen in helping to defray the expenses of his Government. Under our present law he not only pays during his entire lifetime on taxable income but his Government stands at his open grave seeking an additional year's taxes from his estate. This extra post-mortem income tax, it should be remembered, is in addition to an estate tax or inheritance tax levied against his estate upon his death.

The main objection which has been urged against the proposal for pay as you earn or current payment of personal income taxes is that the 1942 taxes must be waived or an onerous burden placed upon taxpayers of paying 2 years' taxes in 1. The United States Treasury has opposed the proposal for this reason, and it continues to oppose it. It does, however, recognize the value of changing over to the current-payment plan and has even suggested the postponement of the 1942 liability or the rebating of a portion thereof and the collection of the balance in installments spread over a period of years. It would seem, however, that the taxpayers as a group having

to meet the large exactions for taxes under our present war conditions should not be called upon to pay an additional tax during the same period, or should not be required to meet such an obligation in the distant future.

A savings clause could be included in the proposed law providing that in any event the 1943 tax of any individual should not be less than it would have been under our present law. This proviso would take care of windfall cases where taxpayers made large incomes in 1942 and had no income during 1943, or smaller incomes than in 1942. In any event the law should be framed to give adequate protection to the men in our armed forces. This would meet the objection urged by the Treasury Department, as set forth by Mr. Randolph Paul, General Counsel, in his statement of December 8, which appeared in the Washington Post December 17 last, when he said:

The Treasury has opposed the original Ruml plan for several reasons. This plan does not, in fact, put the taxpayer on a current basis; it merely changes labels on the income-tax payments he is now making. By canceling a year's tax liability it gives a windfall to persons whose incomes were abnormally high in that year.

Mr. Speaker, the consideration that should control us in adopting a tax program should be to provide the maximum of tax revenues with the least burden upon the taxpayers. The present plan of collecting a year or more after the tax is imposed is indefensible. As a class, income taxpayers pay their taxes from current income, and such taxes should be collected currently. There are some 35,000,000 taxpayers under the present personal-income-tax program; 9,000,000 new taxpayers. Even though there would be individual cases where windfalls would result to the taxpayer by shifting to the pay-as-you-earn method of collection, the great advantage accruing to the other taxpayers would completely offset such advantage in a few individual cases.

The waiver of the 1942 taxes by adopting this proposal coupled with a withholding at source provision, it is believed, will not result in any financial loss to the Federal Government. The Treasury program would not be disrupted, because Treasury financing is based on tax income received and not on tax debts. As pointed out under this proposal, taxes would be paid in 1943 and in larger amounts under the proposed plan than under the existing tax program, and the Government would continue to collect from every taxpayer as long as he lives and continues to receive a taxable income. The only apparent loss would be at his death or upon failure to receive taxable income. That loss, however, would be spread over a generation or more of taxpayers and would cover a period of 25 to 50 years. Furthermore, the additional taxes collected and savings made by the Treasury under the pay-as-you-earn provision would more than offset this apparent loss. Those taxpayers who hereafter die while this plan is in operation, leaving estates subject to an estate or inheritance tax, will still be contributing through their estates to the Federal Government on

any enrichment such a taxpayer might have received by reason of the abating of the 1942 tax.

The present personal income-tax plan of always being a year or more behind in the payment of taxes is outmoded and indefensible. It keeps our taxpayers in hot water, always in debt, and subject to continuous worry as to how they will pay this year's taxes next year when the tax collector calls. They are always paying for a dead horse. A pay-as-you-earn plan with collection at source will relieve these millions of taxpayers of the unnecessary worry and hardship. It will bring to them peace of mind and remove the ever present specter of a tax debt staring them in the face. It will also be of equal advantage to the Government. It will provide a continuous stream of tax dollars coming into the Treasury currently as the taxes are imposed and as income is earned. Collecting at the source will relieve the Treasury of trouble and expense in following up and collecting delinquencies and prevent more taxpayers from escaping their tax liabilities. Uncle Sam, by necessity, is going to exact as heavy tax payments as the traffic will bear anyway to meet the war demands. Shifting 1942 taxes and adopting a current payment system will simplify the procedure and will aid materially in financing the war. It will not only be a welcome relief to overburdened taxpayers, but will help their morale in the big task of providing the sinews of war.

Mr. Speaker, I trust that this House will enact at an early date a law providing for the current payment of personal income taxes, with a withholding-at-the-source provision, and that it may be put into effect at the earliest practical time, not only to bring relief to the great body of overburdened taxpayers of our country, but also to help fill our Treasury with tax dollars for the successful prosecution of the war.

Mr. MURDOCK. Will the gentleman yield?

Mr. ANGELL. I yield to the gentleman from Arizona.

Mr. MURDOCK. I agree with the gentleman that we ought to transfer from the year behind to the current-year method of collecting income taxes, and I want to commend him for a strong statement to that effect. I cannot agree with the gentleman in regard to some other things. The gentleman implies that there is no other alternative in order to make this change but that we must collect 2 years in one, the 1942 and 1943 taxes this year. I think there is another alternative.

Mr. ANGELL. May I say to the gentleman that was not my complete statement. I said the Government could try to collect them all in 1 year, or else apportion the 1942 taxes over a number of years, or remit in part and apportion the rest.

Mr. MURDOCK. I am glad to get straight on that. I think that is another alternative which I would favor, if the gentleman will elaborate upon it.

I want to ask the gentleman, Do we not have, at least in some of the States, the sale of tax anticipation bonds? For instance, I know of a State which in

time of depression sold a special bond (issue known as tax-anticipation bonds) and these were a lien upon the taxes of a given year. If those taxes had not been collected, there would have been nothing to pay the bonds for tax-anticipation bonds constitute no lien upon the State's other resources. If the taxes for that year had been abated or forgiven, the bondholders would have been out of luck. They would not have been paid. As I see it, all United States bonds are in a sense tax-anticipation bonds. I feel that if we forgive the taxes for any given year we are jeopardizing the credit of the Nation just to that extent.

Mr. ANGELL. I may say to the gentleman, unfortunately that is not the position of the Federal Government. It bases its operations upon tax receipts and not upon tax debts or taxes to be collected. There is only available to it the taxes that are received and for that reason the principle to which the gentleman refers would not apply, in my judgment. In view of the fact that from 70 to 75 percent or more of the people pay their taxes from current income, and that in this year and the next several years we are going to have to pay everything that we can stand to take care of current taxes, it is my view that it is an idle attempt to put an additional year on the already heavily burdened taxpayers of this year or to spread it over a period of years. That is the very thing we are trying to avoid. We are trying to relieve the people of this unnecessary worry. As long as we collect from an American citizen a personal income tax for every year of his life, why should we say to his relatives at his death, and to his heirs or to his estate, "Pay another year of taxes in addition to the heavy inheritance or Federal estate taxes"?

Mr. MURDOCK. Yes; this survival tax must be heavy but not too heavy. Without increasing any individual's yearly income-tax burden above what it would be with 1942 forgiven, I would not forgive 1942 but amortize that tax over a number of years so that a fractional part of this 1942 tax would be included in each yearly payment for a period.

Mr. CARLSON of Kansas. Will the gentleman yield?

Mr. ANGELL. I yield to the gentleman from Kansas.

Mr. CARLSON of Kansas. I want to compliment the gentleman from Oregon on his fine statement. It shows that he has made a thorough study of this problem, and he has demonstrated by his statement that there are only two ways to get the taxes, either move the tax clock ahead or collect the taxes 2 years in 1, or spread it over a period of years.

Mr. ANGELL. The gentleman is absolutely correct in his concluding statement.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. WELCH. Mr. Speaker, I ask unanimous consent that on Wednesday next, at the conclusion of the legislative program of the day and following any special orders heretofore entered, I may be permitted to address the House for 10 minutes, and at that time to revise and extend my remarks and include

therein a report of the Committee on the Merchant Marine and Fisheries concerning the South Portland Shipbuilding Corporation which will exceed the 2-page limitation, at a cost estimated by the Public Printer to be \$247.50.

The SPEAKER pro tempore (Mr. THOMAS of Texas). Is there objection to the request of the gentleman from California?

There was no objection.

#### EXTENSION OF REMARKS

Mr. NICHOLS. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial from a newspaper.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. WILLEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a letter received from a constituent.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Delaware?

There was no objection.

#### CIVIL AVIATION

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent to address the House for 20 minutes at this time.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. VINSON of Georgia. Mr. Speaker, I am going to address the House on a very important subject matter, the establishment of a separate committee to deal with civil aeronautics. I am glad that the distinguished gentleman from Michigan [Mr. MICHEMER], and the distinguished gentleman from Georgia [Mr. COX], both members of the Committee on Rules, as well as the distinguished gentleman from Oklahoma [Mr. NICHOLS], one of the authors of this proposal and also a member of the Committee on Rules, are present to hear what observations I have to make on this subject.

Mr. Speaker, there have been introduced at this session thus far eight resolutions designed to create a permanent standing committee on civil aviation.

According to the phraseology of some of these resolutions, whether or not there would be encroachment upon the prerogatives of the Military and Naval Affairs Committees is open to question.

As to the Interstate and Foreign Commerce Committee, I should say that committee would be stripped of all of its civil aviation jurisdiction.

The Committee on Interstate and Foreign Commerce has general jurisdiction of bills affecting domestic and foreign commerce—except such as may affect the revenue—and the two standing defense committees—Military and Naval—have jurisdiction of all legislation relating to the military and naval establishments.

Very frankly, I am willing to admit that when we again shall be at peace, it may be that we shall need to sit down and canvass the whole aviation picture

and redraft our mode of legislative approach, but today, in the midst of war, any disturbance of presently prescribed procedure would not prove to be a step forward, but rather a move that would tend to create confusion, occasion delay, and thereby interfere with the war's vigorous prosecution.

There is no civil aviation in the United States today. The military is in complete control, as it should be, and as it will be again, should we become involved in another war after this one.

Production is in control of the military and operations are in control of the military. Every airplane, despite its designed use, is a potential military asset or weapon. Our peacetime air liners have become troop, cargo, and essential defense and nondefense personnel conveyors.

Privately owned planes are employed upon auxiliary scouting and observation missions. Flight by any, except in certain exempt areas, is prohibited by the military or is controlled by the military. There practically exists today no civil aviation in a peacetime sense in this country.

The Congress has established in recent years a Civil Aeronautics Administration and a Civil Aeronautics Board.

That legislation originated in the Committee on Interstate and Foreign Commerce—not a special committee on civil aviation, and for it the country should be profoundly grateful to that committee's great chairman, the gentleman from California [Mr. LEA], and to his committee colleagues, for their wisdom and foresight. Its value in this war situation has proved to be immeasurable.

The civilian pilot training program, the development of landing areas, the installation of air navigation facilities and the development thereof, including communications and directional guidance, and the accomplishments of the Civil Aeronautics Board, have all been of the greatest value to the country in the prosecution of the war, and every phase of the work of these agencies today is performed under the closest kind of cooperation with our military and naval air arms. In time of war, in fact, they may be said to be adjuncts of our defense arms, like the Coast Guard, for example, is of the Navy. They are part and parcel of the defense establishments.

There must be this close relationship and military dominance in time of war, and, in time of peace, that which we do must have relation to possible war conditions and demands.

Our progress in aviation has been phenomenal. It is not all due to legislation. Much of it has been due to the force, and drive, and vision of our enterprising industrialists.

Civil and military development is closely interwoven.

Development of all types of planes has a direct relationship, and particularly is this true when we get into the heavy types.

We have a National Advisory Committee for Aeronautics, the Army and Navy each engages in research, and industry, I dare say, has done as much



of the Rural Electric Cooperatives of St. Louis, Mo.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

#### LET'S GET RID OF THE JAPS

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. RANKIN. Mr. Speaker, I was interested in what the gentleman from California [Mr. COSTELLO] had to say. While we are all excited about the Casablanca incident, we must not overlook the fact that our permanent enemy in this world is Japan.

The Japs have been most treacherous in times of peace and are most beastly cruel in times of war. They have betrayed every confidence we have ever reposed in them. Their inhuman treatment of war prisoners is shocking to every instinct of civilization.

Whatever else may happen, remember that if our civilization is to continue to exist and if we are to drive them back and free ourselves of the humiliation they have attempted to impose upon us, we must forever drive the power of those savage apes from the face of the earth.

The American people are not going to be satisfied until Japan is destroyed.

I wish our allies in this war would give us air bases now close enough to Japan that we can blow hell out of Tokio and destroy the Japanese Empire for all time to come.

[Here the gavel fell.]

The SPEAKER pro tempore. Under a previous order of the House, the gentleman from Minnesota [Mr. GALE] is recognized for 5 minutes.

#### CREATION OF A COMMITTEE ON AVIATION

Mr. GALE. Mr. Speaker, I am not going to bore you with an account of the place which aviation will play in the future economy of the United States—that, I think, is perfectly obvious. Any schoolboy will tell you that air transport will be a commonplace occurrence. Apparently, it has taken the urgency of a war to really push aviation. If I recall correctly, prior to 1914 men were flying planes sitting out in front of a contraption which looked like an egg crate. Four years of war and terrific competition saw a most outstanding development. So much of a development that in the spring of 1919, Alcock and Brown flew the Atlantic. All this progress, mind you, in 4 years.

It is quite reasonable to expect that aircraft development will follow a similar pattern due to the bitter competition for air supremacy in this war.

It is quite conceivable that a new type of motor may appear, a new type of landing gear and an entirely new conception of flying. The stories and rumors which emanate from the test grounds at Wright field would lead one to believe that there literally is no ceiling on aircraft development.

Certainly if the United States steps out into the world after the war, and I think all of us agree that such a move is part of our destiny, aircraft will be the link between the hundred and one frontiers and the homeland. Other forms of transportation will not be displaced, they will be supplemented. Obviously, ships will carry heavy cargoes, obviously freight trains will carry heavy and bulky freight, obviously automobiles will travel the highways, but over and above will fly the transport planes of the future. This is not a prophecy—this is not a guess—but an absolute certainty.

If Congress is to resume its former important place in the Government, it must take full advantage of these changes which are certain to occur. We must openly recognize the importance of air transports as an integral part of the lifeblood of the American economy. It is not too soon now to begin thinking about such changes. Time is shorter than we think. To authorize now a new standing committee on aviation is the only logical procedure for Congress to follow. It is the intelligent thing to do and we must do it not next year or the year after next, when it is too late, but now.

The Interstate and Foreign Commerce Committee is a very important body and has fulfilled efficiently and well its functions. However, that group is already overworked in many categories and has its hands completely full with surface transportation. Believe me, this is no criticism of the efficiency and the capabilities of that committee, but in all fairness we cannot expect one committee to do everything, to handle legislation dealing with railroads, motor transportation, and barges is a tremendous order in itself in addition to the thousand and one other things that the Interstate and Foreign Commerce Committee now handles. Without any question, to heap further duties, which might assume considerable proportions in a post-war period, would be riding a free horse to death and taking advantage of an exceedingly hard-working group. The supervision of aeronautics will be a field completely separate by itself, just as different from surface transportation as the dead past is from the future, and aviation should very definitely have a committee specializing in this one particular field. I sincerely hope that the House will follow the only logical, intelligent, and farsighted policy, namely, to authorize the creation of a Committee on Aviation.

The SPEAKER pro tempore. Under previous order of the House, the Chair recognizes the gentleman from Illinois [Mr. DEWEY] for 20 minutes.

#### PAYMENT OF 1942 TAXES

Mr. DEWEY. Mr. Speaker, I presume that in common with my fellow Members a fair percentage of mail coming in from not only our own districts, but from all sections of the country, contains expressions of opinion in regard to the so-called pay-as-you-go plan of taxation. We have already heard several most scholarly explanations of the Ruml plan, and all those who have taken the opportunity of studying our colleagues' clear

dissertations are familiar with the subject.

Mr. Speaker, in taking the time of the House this afternoon I propose speaking only in regard to the transition from our present form of tax payment to a current basis, which I think is puzzling to everyone and I know is puzzling to me to find a practical solution.

Section 11 of chapter 1 of the Internal Revenue Code, as amended by the act of 1942, reads in pertinent part as follows:

There shall be levied, collected, and paid for each tax year upon the net income of every individual a normal tax of 6 percent.

Section 12 contains a like provision with respect to surtaxes. I judge from this that the law definitely states that a tax is now due, although not collectible until March 15, 1943. I also know from my correspondence that it is the desire of the individual taxpayer to commence as soon as possible paying future taxes on a current basis. The query at once arises, How is such a thing possible and at the same time take care of the 1942 tax, particularly when one considers the very high rates imposed under the existing law?

In fact, the tax rates are so high that after a certain point in the rate structure is reached, 1 year's income would fall far short of paying the taxes for 2 years. I mention this to show the difficulty of collecting 2 years' taxes in 1.

There are very few individuals who are sufficiently farsighted to have set aside out of their monthly or weekly earnings a reserve for taxation, even if they had known what reserve was necessary. It must be remembered that no tax bill was given to the public until 9 months of 1942 had passed. In fact, not until October.

A further difficulty must be taken into account. The lowering of the exemptions in the 1942 law will bring in as new taxpayers a group estimated at over 7,000,000 persons. I assume that a great number of these new taxpayers are workmen and mechanics who only commenced receiving full-time jobs at good pay as a result of the war effort, and I further think that it is fair to assume that many of these people have only recently paid off private debts on account of mortgage indebtedness or living expenses. Hence, I doubt very much that even if they had had the knowledge and experience as a taxpayer, they would have had the resources with which to set up a reserve for their 1942 tax liability.

The proposed law, commonly known as pay-as-you-go out of current earnings, will probably contemplate the withholding at the source of a certain percentage of weekly or monthly wages or revenue. Where income is not so withheld, it will be incumbent on the taxpayer to make a periodic remittance to the Treasury on the taxpayer's estimated annual income for the year 1943.

The President in his recent report to the Congress stated that he would ask for additional revenue in the amount of \$16,000,000,000. Hence, the people of the country may expect the tax rates to be increased, and that a further percentage of income from salary, or whatever source it may be, will go to the support of our war effort. This being the

case, it would seem utterly impossible to add to these increasing taxes, the total tax now due for the year 1942.

The answer to this problem to me is self-evident. If we cannot pay all of the taxes due for the taxpaying year of 1942 at one time on top of the 1943 current taxes, we might solve the problem by modifying the 1942 taxes and paying them in installments over a number of years.

The Treasury Department, while not having as yet offered any definite proposal, suggested that the 1942 tax burden might be eased by eliminating the low surtax brackets in estimating the 1942 individual tax liability. While I have made a number of estimates as to the percentage tax liability resultant of such procedure, I am not at present ready to offer any suggestions as to what uniform reduction in rates should be made. I am, however, ready to state that a reasonable uniform reduction of the surtax rates and the elimination of the 1942 normal tax would eliminate millions of small taxpayers, many of whom are in the armed forces, from whom it would be difficult to collect any appreciable revenue without an expense almost equivalent to the revenue collected. Naturally, in fairness and justice, any reduction of rates at the bottom should be uniformly carried through the entire rate schedule for individual incomes.

I cannot help but believe the relief afforded by this means to the new taxpayers would have a most beneficial psychological effect and would prepare the way for a prompt and willing response to any policy of withholding tax that may be inaugurated for 1943 income.

Now, let us consider what would become of the tax liability of the larger individual taxpayers with, for example, a net income of \$4,000 or more, who although the 1942 tax rates have been reduced, yet will still have a tax liability for 1942. These individual income taxes will run from small amounts to the very large sums due, even under reduced rates, from the recipients of large salaries or revenue. The small taxes can undoubtedly be paid off in a rather short period, but the larger taxes, unless reserves have been set aside for the payment, will have to be paid in installments over a period of years.

I should like to digress at this moment from the consideration of taxes and tax payments to that of the national revenue. As I have stated, the President has estimated that in the fiscal year commencing July 1, 1943, it will be necessary to raise revenue by taxation and savings in the amount of about \$50,000,000,000. This money will be used not only for the ordinary expenses of the Government, but principally to pay the cost price of the materials of war. I can assure my colleagues that neither the Navy Department nor the War Department nor the other expending agencies are interested whether the dollar they are spending is a 1942 tax dollar or a 1943 tax dollar. In fact, it might be a 1933 or 1934 tax dollar obtained from Federal estates taxes of estates that have elected to pay their death duties over a period of 10 years at 4 percent interest on the deferred pay-

ments as is permitted by existing law. This being the case, any arrangements we may make to permit the 1942 tax money to enter into our cash revenue system will have three effects: First, of increasing the revenue; second, the increase of revenue would offset an increase of tax rate that would be necessary to produce the amount of the 1942 tax installment cash; and third, the taxpayers' liability to the Government for the 1942 tax would be gradually liquidated.

To return again to the proposed pay-as-you-go plan and the 1942 liability. For the sake of argument let us assume that the 1942 taxpayer is permitted to pay his modified tax liability in installments over 10 years or 120 months. The question immediately arises, What if the taxpayer dies before his liability to the Government is liquidated and there is nothing in his estate upon which to levy? For example, the taxpayer may have been entirely dependent upon a salary and such estate as he may have may be in tax-exempt insurance. This contingency can be covered by insurance protection. You are all familiar with the purchase of an automobile upon the installment plan. It is quite customary for the automobile agent to add a sufficient sum to the installment payment to pay the premium on a fire and theft insurance policy in case the automobile should be stolen or destroyed prior to the completion of its purchase.

I offer a simple insurance plan as a possible solution of the perplexing problem of paying the 1942 tax. During the study I have been making of this whole subject I called upon the Veterans' Administration. I believe no officers of our Government have had a more specialized experience in insurance than they. I propounded my problem to the Assistant Administrator in charge of finance and insurance. He is confident that he can work out a simple scale of actuarial factors which can be applied for every age from the cradle to the grave. If the factor applicable to the age of the taxpayer be applied by the taxpayer to his tax liability for 1942 as modified, the annual constant installment will be determined requisite to liquidate the said taxpayer's 1942 tax in 10 years, and also to provide an insurance fund to insure the Government against any loss of revenue due to the death of an individual taxpayer prior to complete liquidation of the modified 1942 tax claim. There will also be included a low interest charge as an incentive to the taxpayer to make prepayment of his tax claim should he be in a position to do so.

To express the idea less technically, the plan proposes to permit the individual 1942 taxpayer to pay off his modified tax claim in either 10 annual or 120 monthly installments. The installment payments will be so computed that besides liquidating his tax liability they will provide a fund to insure the Treasury against any loss due to death of a taxpayer prior to complete liquidation of his indebtedness, and also pay the Treasury interest at a low rate on deferred payments. Commuted value of future installments will be provided in case of prepayment, and there is little

doubt but what many of the larger individual taxpayers will take advantage of this, for the reason that they have probably been in the habit of accruing taxes to meet their tax liability, but for those of more moderate means and revenue, the burden will be greatly lightened.

It may be contended that such a plan does not put the individual taxpayer on a current basis and that he is actually paying his current taxes plus an additional sum to liquidate his 1942 modified tax liability. Such a criticism might be properly sustained if our tax rates were static. They are not; it can be almost accepted that taxes are on the increase—that what the Government needs is more actual cash revenue, and if it does not get it by picking up cash from the 1942 tax liability, it will get it by raising the tax rates to obtain the same amount of money from current taxes.

I recognize that I have drawn a picture of this proposal with very broad strokes and that there are many technical details that I have not covered. I have forborne to do so for the sake of simplicity of presentation. I do believe, however, the insured installment tax plan of liquidating the individual 1942 tax liability will permit a speedy transition to a current collection of taxes. Further, it will relieve the Treasury of a perplexing problem of collecting millions of small tax items from embarrassed taxpayers. While some relief will be granted to larger taxpayers, no "windfalls" will be possible. Last, but most important, insurance is provided against loss of revenue by death.

I hope the idea is worthy of consideration by my colleagues of the House and my experienced associates of the Ways and Means Committee.

Mr. GALE. Mr. Speaker, will the gentleman yield?

Mr. DEWEY. Yes.

Mr. GALE. I agree perfectly in the necessity for a pay-as-you-go plan, but does not the gentleman think that as a part of that plan, and a necessary part of it, there should be adequate provision for collecting these taxes at the source? After all, about 70 percent of income-tax payers will be people on salaries or wages, and in order to get money into the Treasury, which, after all, is pretty important to the Government, we will have to have a broad pay-roll deduction policy.

Mr. DEWEY. I thank my colleague for his question, and I thoroughly agree with him. The whole purpose is to simplify our tax system by getting on a pay-as-you-go basis so that tax revenue may be collected at the source, and immediately turned over to the Treasury. We have had experience in social security, and it would be a matter of employing virtually the same system with respect to wages and other income such as from bonds and shares of stock. As I have stated, the taxpayer could estimate his income and make monthly payments directly on account of his estimate.

Mr. CRAWFORD. Mr. Speaker, will the gentleman yield?

Mr. DEWEY. Yes.

Mr. CRAWFORD. If I understand the gentleman correctly, he is dealing primarily with the problem of the 1942 income tax liability?

Mr. DEWEY. That is correct.

Mr. CRAWFORD. And that, to go along with such pay-as-you-go plan as Congress may adopt?

Mr. DEWEY. Correct.

Mr. CRAWFORD. Let me ask the gentleman this question, if he cares to consider it at this time, and if not I shall not press the question. First, is the gentleman in favor of it, and, second, does he recommend that the income-tax liability now standing against the taxpayer on his 1942 income be remitted or canceled out or done away with entirely in any way?

Mr. DEWEY. I do not think that it is possible to cancel all of 1942 taxes. However, as I stated, I do believe, and I make no suggestion as to amount, that if we omit the normal tax for 1942 and drop down by one or two brackets the percentage on through the entire rate schedule we would thereby wipe out the tax liability of a lot of small taxpayers from whom it would be difficult to collect taxes—and that includes many men in the armed services—that would accomplish a desirable end.

Mr. CRAWFORD. And the gentleman makes that a part of his plan to handle these 1942 taxes?

Mr. DEWEY. I offer the insured installment tax plan as a suggestion to be considered by the Ways and Means Committee.

The SPEAKER pro tempore. The time of the gentleman from Illinois has expired.

Mr. McLEAN. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for 10 minutes more.

The SPEAKER pro tempore. The Chair informs the gentleman from New Jersey that there are other special orders.

Mr. McLEAN. Notwithstanding that, I ask unanimous consent that the gentleman's time may be extended for 10 minutes.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. H. CARL ANDERSEN. Mr. Speaker, will the gentleman yield?

Mr. DEWEY. Yes.

Mr. H. CARL ANDERSEN. I am very much interested in the approach the gentleman has taken on this subject, and I have, I believe, more faith in his particular judgment on this particular subject than perhaps that of anyone else in the House. I make this suggestion: Rather than dropping the tax liability, as far as the 1942 tax is concerned, down by percentage points, thereby giving the big taxpayer a windfall, why not make a flat exemption of possibly \$200, thus wiping out all small accounts?

Mr. DEWEY. I think that is a matter that I would not want to argue here on the floor at present, because there are too many elements that go into a matter like that. I think, however, that if you are going to make any modification, it should be a flat percentage, reaching all the way through the 1942 rate schedule

and not be on a dollar basis, because \$200 at the bottom has an entirely different effect than \$200 at the top. I believe, however, the thought deserves study.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. DEWEY. I yield to my distinguished colleague on the committee.

Mr. KNUTSON. Carrying the "soak the rich" proposal just a step further, it might be well to have the RECORD show at this point that the so-called very rich are now paying 88 percent of their income to the Federal Government, leaving them 12 percent to pay all other costs, including State income taxes.

Mr. GALE. As I understand it, you agree with the advisability of a pay-as-you-go plan, but not quite to the extent of Mr. Ruml's plan? In other words, not of completely crossing off the 1942 obligation. Is that correct?

Mr. DEWEY. That is quite correct. I might say to my colleague that Mr. Ruml sets the tax clock ahead, completely eliminating 1942 taxes. The plan that I propose only modifies the 1942 taxes and makes them more easily collectible. When one considers that the 1942 tax bill will bring in over 7,000,000 new taxpayers who have never thought of Federal income taxes before, the cost of collection and the burden on these taxpayers will be something terrific. I would like to have the 1942 tax modification made. I do not believe in favoritism, and if you are going to modify the rate structure the modification must go to all taxpayers.

Mr. CRAWFORD. Will the gentleman bear with me further?

Mr. DEWEY. I yield to my colleague from Michigan.

Mr. CRAWFORD. I have been very anxious to get into the RECORD for the benefit of my constituents advance opinions and observations of the members of the Ways and Means Committee. In view of the fact that the gentleman is a member of that committee, I want to submit this question: In that capacity and based upon your past experience in handling Government fiscal affairs as an official of the Treasury Department, do you believe that the people of this country can sanely go along with that portion of the Ruml plan which cancels out the 1942 tax liability, with the obligations we have assumed and with the commitments we have made and with the disbursements we have to meet? Do you believe that we can sanely go along with Mr. Ruml on that part of his program?

Mr. DEWEY. I would like to say to my colleague from Michigan that I have mentioned here the fact that it is revenue that the Government needs. It is cash revenue to pay the various obligations. I do not think it makes much difference what the date on the dollar is, but I hold with the gentleman that it would be bad for the morals of this country to forgive 1 year's taxes. However, I do think there should be a modification made so that they would be as little burdensome as possible.

Mr. CRAWFORD. In other words, the gentleman wants to make it possible for us to meet these obligations?

Mr. DEWEY. Yes.

Mr. McLEAN. Will the gentleman yield to me?

Mr. DEWEY. I yield to my colleague from New Jersey.

Mr. McLEAN. Let us assume that the 1942 taxes are evaded and that the taxpayer must pay his 1943 taxes, based upon his income for 1943, the flow of revenue to the Treasury would not be affected in any way?

Mr. DEWEY. In no way whatsoever.

Mr. McLEAN. Now, assuming that there would be a loss to the Treasury, when would that loss be felt? Is it not a fact that it would not be felt until some time long in the future, and then only gradually over several years, as the various obligors die? Therefore, would it not be so much of an advantage to the Treasury to increase the flow of revenue annually by getting on a more business-like basis and take our taxes out of current income and apply to our present situation that principle of the income tax, that the date of payment should not be so far deferred as to hazard the collection of taxes?

Mr. DEWEY. My colleague has asked me two questions. I would like to answer the first one first. The flow to the Treasury would not be interrupted. In fact, I think it would be increased and better collected when we get on a pay-as-you-go basis and withholding at the source; but I would like to say that I have suggested here an insured installment tax plan that will not lose any portion of the modified 1942 taxes. One can apply an insurance factor that will pay the taxes in case of the death of any taxpayer before the completion of his 10 annual payments, or 120 monthly payments.

Mr. McLEAN. I want to emphasize my thought, that in the consideration of this whole matter we have had in mind not losing a sou. We would like to have the Treasury have its cake and eat it too; but there are advantages to the Treasury in this change that ought not be lost sight of. There would be very great advantages to our fiscal system if we would forget about the small contingencies that might arise in the future, in comparison with the present advantages to the Treasury.

Mr. KNUTSON. Will the gentleman yield to me?

Mr. DEWEY. I yield to my colleague from Minnesota.

Mr. KNUTSON. The phase of this question that concerns me is that if we do not adopt something along the line of the Ruml plan, perhaps with some modifications, you are going to drive thousands and thousands of the smaller taxpayers into the grasp of the loan sharks.

Mr. DEWEY. I agree.

Mr. KNUTSON. The loan sharks charge 2 and 3 percent per month interest under the State laws. In Minnesota they charge 3 percent. If some individual in the lower brackets were called upon to pay two taxes in 1943, that is, 1942 and 1943, during the calendar year 1943, he would have to go to some loan shark and place himself in his power.



We virtually would sell them into perpetual slavery to the loan sharks.

Mr. DEWEY. I agree with the gentleman.

[Here the gavel fell.]

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois be permitted to continue for 5 additional minutes, because we have taken up so much of his time.

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

There was no objection.

Mr. DEWEY. I agree with the gentleman from Minnesota thoroughly, that it would be quite impossible to pay 2 years' taxes in 1 year. I feel, therefore, that the modification of the rates at the bottom to relieve these new taxpayers would be very beneficial. I also want to have it fair and based on ability to pay, and on justice, to carry it straight through the rate schedule. Then if the liability of the larger taxpayers is spread over a 10-year period, supported by this insurance proposal the Treasury will be protected against loss of money through death of the taxpayer.

Mr. CARLSON of Kansas. Mr. Speaker, will the gentleman yield?

Mr. DEWEY. I yield to my colleague on the committee, the gentleman from Kansas.

Mr. CARLSON of Kansas. The gentleman from Illinois is such a student of finance that I hate to get into a discussion with him, but he has presented a matter that constitutes a problem for all of us; that is, what to do with the 1942 tax liability. This is going to be the issue that will have to be decided in the Ways and Means Committee; there is no question about it.

We can use the 1942 tax liability as a basis for 1943 taxes and the Treasury will not lose substantial revenue if it loses any revenue whatever.

The gentleman's proposal, as I understand it, is to reduce the income-tax collection for 1942, 19 percentage points, 6 percent normal and 13-percent surtaxes.

Mr. DEWEY. I do not recommend any particular percentage, but that in general was what I had in mind.

Mr. CARLSON of Kansas. That is the thought the gentleman had in mind. We all know that a number of taxpayers will be current; there is no question about that, if we increase the 1943 rates about 5 percent; but a reduction of 6 percent normal and 13-percent surtaxes on the 19-percent bracket income taxpayers makes a windfall for the 88-percent-bracket taxpayer just as much as the Ruml plan so far as windfalls are concerned; so I think we shall have to watch that at the same time.

Mr. DEWEY. It has never entered my mind that it should apply unfairly to the poor or to the so-called rich. I should like to see a full consideration of the question of method of payment.

What the Government needs now is cash revenue. I believe an insured installment plan will liquidate the 1942 situation. The 1942 tax situation must be so disposed of that it will not be a subject for discussion in the future.

I do not consider that which we are required to pay as being taxation. We

are all willing to pay to support our country in time of war, but I do not call it taxation. Rather it is the obligation of the citizens to their country to give all they possibly can; and they do it willingly, but one would scarcely call it a tax system.

In order that we can supply the revenue our country needs, let us move in the direction of bringing ourselves to a current system of pay-as-you-go and collect-at-the-source. At the same time let us modify and pay in some way that will be fair and equitable the 1942 liability. If we do not pay this liability it means we shall have to increase the rates in 1943 to pick up the money we did not get which should have come out of 1942 taxes.

Mr. CARLSON of Kansas. Providing there is a loss in collections for 1943 taxes over 1942; that is the only difference. Many of us seem to forget that these taxpayers have been paying taxes in 1942 out of 1942 income but on a 1941 tax liability. The tax on last year's salary is not paid out of last year's earnings but out of this year's earnings. We must find some way to establish this new system whereby the 1942 tax liability will not be wiped out or that revenue lost to the Government. It could be spread over the years 1943, 1944, and 1945. That would take care of the larger taxpayers and the estates.

As to the insurance suggestion I do not believe I could go along with it, for it places an additional liability on the taxpayer, not only the liability of paying 1943 tax liability in 1943 but added to that is an insurance premium.

Mr. DEWEY. He pays a very small additional charge as an insurance premium and his family is protected against claims of the Treasury for his unpaid balance.

Mr. CARLSON of Kansas. I realize that, but it is an additional burden.

[Here the gavel fell.]

#### EXTENSION OF REMARKS

Mr. MAGNUSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an article which impressed me as being one of the most concise analyses of the lend-lease situation that has been published, an article by Walter Lippmann.

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

There was no objection.

Mr. JENSEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include therein a letter from Mr. Keller, of Council Bluffs, Iowa, relative to the pay-as-you-go tax plan.

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

There was no objection.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. POAGE. Mr. Speaker, I ask unanimous consent that on Monday next after disposition of business on the Speaker's table and other special orders, I may be allowed to proceed for 20 minutes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas [Mr. POAGE]?

There was no objection.

#### SPECIAL ORDERS

The SPEAKER pro tempore. Under previous special order of the House, the gentleman from Michigan [Mr. BRADLEY] is recognized for 10 minutes.

Mr. BRADLEY of Michigan. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD and to include Senator Vest's tribute to a dog.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Michigan [Mr. BRADLEY]?

There was no objection.

Mr. BRADLEY of Michigan. Mr. Speaker, almost everybody loves a dog. Anytime I find a man, woman, or child who does not love a dog, I become suspicious of them, and anytime I find the average dog that takes an immediate dislike to somebody—of course, after due smell to satisfy his curiosity—then I am immediately suspicious of that person.

What the late Senator George Vest said in his immortal address about dogs is all too true. In my extension of remarks, I ask to include his speech at this point.

#### DEFENSE OF THE DOG

Gentlemen of the jury: The best friend a man has in the world may turn against him and become his enemy. His son or daughter that he has reared with loving care may prove ungrateful. Those who are nearest and dearest to us, those whom we trust with our happiness and our good name may become traitors to their faith. The money that a man has he may lose. It flies away from him, perhaps, when he needs it most. A man's reputation may be sacrificed in a moment of ill-considered action. The people who are prone to fall on their knees and do us homage when success is with us may be the first to throw the stone of malice when failure settles its cloud upon our heads. The one absolutely unselfish friend that man can have in this selfish world, the one that never desert him, the one that never proves ungrateful or treacherous, is his dog. A man's dog stands by him in prosperity and poverty, in health and sickness. He will sleep on the ground where the wintry winds blow and the snow drives fiercely, if only he may be near his master's side. He will kiss the hand that has no food to offer; he will lick the wounds and sores that come in encounter with the roughness of the world. He guards the sleep of his pauper master as if he were a prince. When all other friends desert, he remains. When riches take wings and reputation falls to pieces, he is as constant in his love as the sun in its journey through the heavens.

If fortune drives the master forth an outcast in the world, friendless and homeless, the faithful dog asks no higher privilege than that of accompanying him, to guard against danger, to fight against his enemies. When the last scene of all comes, and death takes the master in its embrace, and his body is laid away in the cold ground, no matter how long it may be, all other friends pursue their way, but the dog is faithful to the grave. The noble dog will be found his head between his paws, his eyes sad, but open in alert watchfulness, faithful and true even in death.

Mr. Speaker, I have a dog—a white and liver Springer Spaniel—that I have had for almost the entire 10 years of his life. He is a splendid hunting dog and has been a great companion of mine through all these years. He has been with me for hundreds of hours through the air; has hunted with me each day and I can honestly confess that at



and poultry plus operating cost and shrinkages with allowance for minimum profit.

These operating costs and shrinkages are known factors. It, therefore, becomes necessary for the Office of Price Administration and the Department of Agriculture to establish live animal prices in order to make this cost a known factor. For example, slaughtering costs on beef are sufficiently constant so as to permit profitable operation at the margin of one-half cent per pound on dressed-beef carcasses.

Much of our present difficulties in the pricing of dressed meat could be alleviated by proper pricing of offal products, as for example, hides and tallow. These byproducts are now price-fixed by Office of Price Administration at a level so low that consumer costs of dressed meat are bearing the burden of this squeeze. Release of this squeeze will permit a substantial release of the squeeze which holds back the production of dressed meats. The result has been shortage of dressed meats, shortages of fats and oil, and shortage of leather products, black market, and excessively high prices on meats to consumer.

Strict enforcement on slaughter licensing.

5. A feeders' selling price ceiling should be placed on all but cattle which will grade AA when dressed. Likewise, the feeder must be protected by placing a ceiling price on stocker and feeder cattle and beef calves.

The cattle feeder must be permitted a proper margin for the feeding of heavier and better beef cattle. Grain and miscellaneous feed cost must be adjusted so as to encourage a production of a greater poundage of meats and fats in each animal placed on feed.

Present loss of live-beef weight approximates 200 pounds per head of cattle. This total loss annually approximates over 2,000,000,000 pounds.

AA grade of dressed beef in accordance with United States Department of Agriculture figures normally only amounts to 5 percent of production, and therefore, can well be excluded from basic ceiling price fixing. It is a premium grade and should be so treated as to increase incentive for production of heavier and better cattle.

6. Producers and feeders of cattle should be protected in their feed costs.

This includes corn and miscellaneous feeds required in production of beef. In this way squeezes can be avoided and increased production and movement can be obtained for the protection of the cattle raisers and feeders. These groups are the keys to our meat production and distribution. Producers and feeders must be protected on their feed costs by the Government. Any deficiency in the proportionment of the over-all price range from producer to consumer may be aided at this point by incentive Government assistance.

#### SUMMATION

The plan outlined above is equally applicable to lamb, veal, pork, and poultry when the peculiarities of their production are analyzed similarly. Beef is the No. 1 problem of maldistribution and consumer shortage. There is not a shortage of live cattle. Lacking proper consumption and distribution a critical shortage may easily develop. The entire beef problem can quickly be solved by (a) proper adjustment of by-product prices, (b) protection of feed costs, and (c) proper proportionment of the retail price.

Respectfully submitted and recommended.

WALTER C. FLOESER,  
Member of Congress.

Identical letter sent to Hon. Fred M. Vinson and Judge Marvin Jones.

### The Bennetts of Missouri

#### EXTENSION OF REMARKS

OF

### HON. EARL WILSON

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 6, 1943

Mr. WILSON. Mr. Speaker, all of us who were here during the Seventy-seventh Congress recall the untiring efforts of the late Honorable Phil A. Bennett of the Sixth Congressional District of Missouri, to maintain our republican form of government. He was a man of vision, foresaw the evils seeking to destroy us today, and literally gave his very life in an effort to preserve for future generations the life, liberty, and happiness he had enjoyed.

Yes, Phil Bennett gave the best that was in him in representing the people of his district. He was one of the hardest working, most sincere, conscientious Members of the House of Representatives and we, who had admiringly watched his work, considered his loss a great one. When we were informed that his son, MARION T. BENNETT, had been elected to succeed him, we wondered to what extent he would be able to fill the place on the floor of this House, made vacant by the death of his very able father.

Barely 6 months have passed, and it is already evident that MARION is a "chip off the old block," that he is not only an able representative of the people of the Sixth Missouri District, but that he is a fighter and an enthusiastic supporter of the principles so ardently supported by his father.

It gives me a great deal of pleasure, as I am sure it does the rest of my colleagues, to see MARION step into and fill the shoes so ably filled by his father.

Missouri, you should be proud of him!

### "Let Freedom Ring"

#### EXTENSION OF REMARKS

OF

### HON. C. W. (RUNT) BISHOP

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 6, 1943

Mr. BISHOP. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following article from the Daily Independent, Murphysboro, Ill., of July 3, 1943:

#### "LET FREEDOM RING"

"We hold these truths to be self-evident, that all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are life, liberty, and the pursuit of happiness. That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed. That whenever any form of government becomes destructive of these ends, it is the right of

the people to alter or abolish it and to institute new government laying its foundation on such principles and organizing its powers in such form as to them shall seem most likely to effect their safety and happiness."—(From the Declaration of Independence.)

One hundred and sixty-seven years ago in downtown Philadelphia, a little band of fearful but courageous men proclaimed to the world certain human principles which from that day to this, have been the lodestone for this Nation.

Nothing in the Declaration of Independence was really new except its compilation in a single document in words that rang with sincerity and purpose. It is, as many have said, a document of glittering generalities and yet it has provided inspiration for all the peoples who from that day to this have sought to struggle toward genuine, working democracy.

Of all the pungent phraseology in that Declaration, probably none expresses either the spirit of America or the goal toward which we now are fighting so well as one short clause:

"Governments derive their just powers from the consent of the governed."

It is all very well for ideologists and evangelists and zealots to dream of how we might make the whole world over into our own image, but the great mass of our people have in mind just two things they want to see come out of victory.

First. That this Nation itself shall maintain a government that derives its powers exclusively from the consent of the governed.

Second. That the rest of the world shall be guaranteed the opportunity to establish governments that derive their powers from the consent of the governed.

Everything else is secondary. Everything else flows from this one thing.

If, in the course of generations, we can assure that the governments of the world shall all derive their powers from the consent of the governed, everything else will follow automatically.

For all people, everywhere, want the same things that we do—freedom, prosperity, peace.

Never since that Declaration was signed, 177 years ago, has this Nation been in greater peril of losing a government "deriving its just powers from the consent of the governed."

Today a ghastly, unconstitutional, oppressive system of government by directives instead of government by law, has grown in the United States. It is a foul and rank growth and it threatens the very existence of the Republic. It is a cancer eating at the heart of the Nation. If it is not cut out it will destroy our right to life, and to liberty, and to the pursuit of happiness. When government becomes master instead of servant human rights die. And when government governs by orders and directives instead of by written laws they have advanced far upon the road to becoming masters.

We need a new Declaration of Independence in 1943. It is not one whit less important than winning the war.

### Compulsory Savings Tax

#### EXTENSION OF REMARKS

OF

### HON. EMORY H. PRICE

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 6, 1943

Mr. PRICE. Mr. Speaker, for several weeks we have heard Congress criticized

for not attempting to take some action or propose some program in lieu of subsidies, incentive payments, and roll-backs that have been proposed by the Administration. We have been accused of fighting all these measures without offering any substitute.

I have introduced a bill that, in my estimation, will at least be a proposal to remedy the situation that we now find confronting us. I believe you will agree with me that—

First. Increased revenue is absolutely necessary.

Second. And it must be had in one of three ways:

- a. Increased rates of income tax.
- b. Sales tax.
- c. Compulsory savings tax.

Third. Compulsory savings tax may make either of the other two unnecessary.

Fourth. The chances are that voluntary purchases of stamps and bonds will fall off considerably when withholding tax plan goes into effect.

Fifth. Experts tell us there is too much money in circulation for the amount of goods available.

Sixth. They also tell us the majority of previous bond purchases have been made by our banks and that this did not drain off an appreciable amount of this surplus money.

Seventh. I believe this compulsory savings tax would drain off this surplus money and thus serve a twofold purpose; first, of providing the money necessary, and, second, help prevent inflation by reducing the purchasing power of our people at this critical time.

Eighth. If the people realize the fact that we are going to be compelled to increase the revenue naturally they will prefer a savings tax.

Ninth. My purpose in introducing this bill at this time is to give the Members of the House an opportunity of getting the reaction of their people during the recess.

### Excerpt From "Men in Motion"

#### EXTENSION OF REMARKS

OF

### HON. HARRIS ELLSWORTH

OF OREGON

IN THE HOUSE OF REPRESENTATIVES

Tuesday, July 6, 1943

Mr. ELLSWORTH. Mr. Speaker, in a recent book entitled "Men in Motion" by Henry J. Taylor, there appears a clear statement of some of the present social and political trends. Under leave to extend my remarks in the RECORD, I include an excerpt from the above-mentioned book, as follows:

When governments go bad in a large area anything can happen, for the mechanistic sphere, with all its mass action, communicates its political venoms.

This is why, since the mass forces took hold and the mechanistic sphere began to roam, occasions of economic and political crises

have multiplied, and this is why there have been fewer crises affecting only one country—confined to a single nation.

The mass forces have presented mankind, therefore, with a new kind of crisis—the long-distance crisis in government ideas—which advances and spreads in the saturating way that a tide fills all crannies of a cave.

This is reflected in the amazing similarity of political movements all over the world, all in a direction away from self-faith and toward fascism, communism, or collectivism, and each in the hands of men who ride the forces of discontent in the way most practical for their special locality.

Therefore the brew of bad government has blended between nations, boiling to higher and higher levels as one moral value after another has been sacrificed to meet a general pattern of financial, social, and political expediency. And the tragedy of the world is that our own country, which should have repudiated this process with every act and every deed of its national life, took its place in the pattern along with the rest.

Instead of dedicating our Nation to arresting the swing away from self-faith, our New Deal leaders actually accelerated it.

Communism is the red. Fascism is the black. We are shepherded into a blending. We are both reddish and blackish. We are a brown. For the fundamentals of the government idea brought forward in our country were already prepared in a combination of the polyglot doctrines of Europe. Our Government became Europeanized.

In the name of a strong personality, American collectivists practiced in wider and wider measures a strange mixture of sheer opportunism, emotional economics, and reckless adventure, along with a hard-headed political program of making the labor unions and farmers of our Nation so dependent on special favors from them that they could control the votes of these two groups and thus maintain themselves in power indefinitely.

In this, they perform a profound disservice. For one of the political venoms communicated from abroad is that even America now wonders whether democracy will work. We are losing faith in our own system at home while we battle the system of our mortal enemy abroad.

The depression itself was not a direct reflection on the American principle of self-faith and the fundamentals of American Government.

In the worst months of the depression it seemed obvious that the closer we stuck to the fundamental truths—economic, political, and social—the quicker and more certain our recovery would be. The real danger was that we would lose our heads and go off on some tangent when our basic problem was to keep our heads and undo our mistakes one by one.

As with all, things were very difficult for me during these years. I had to meet my problems the same way that all others had to meet theirs—by working harder than ever before, by developing new products in the paper company I ultimately founded, and by protecting my savings as best I could.

Two Douglas airplanes had flown around the world—the first aircraft of any nation to circumnavigate the globe. They carried United States Army Air Service flyers. I was convinced that these ships were the best planes in the world, and I had bought a third interest in the Douglas Aircraft Co., at Santa Monica, Calif. I had all confidence in this company, and it turned out to be justified, but I had to sweat through it. There was nothing else to do.

I seldom left my office, and it did not seem possible to keep up with one disaster after another. Sometimes I didn't know whether I was coming or going, and I could see myself and my friends age in front of my very

eyes. We were all up against it, and we were all up against it together.

Otto Schnering's immense confectionery company in Chicago went into the hands of a creditors' committee, owing me nearly all the money I had in the world. But every man who ever knew Otto Schnering trusted him. I had known him all my life.

"Harry," he said, "we can't collect the accounts due from our customers now. We can't pay your bills now. I know what this means to you, and I won't let you down. If everybody will wait and is willing to help, I can see this awful time through." His whole life centered on this task. His courage never faltered, and his word never weakened. He fought like a tiger to keep his business—and his honor. He did both. He paid every cent he owed. And through his self-faith and integrity his company retained its place as the largest candy manufacturer in the industry.

In all these trials and bewilderments it never occurred to him that the depression was proof that our Nation was weak and that free enterprise had failed in America. He knew that neither of these contentions was true. He did not think that any American had the right to lose confidence in himself or his country at a time like this, and, of course, his common sense rebelled at the assumption that we had become the greatest nation in the world by doing everything wrong.

I felt the same innate protest against the suggestion that we had reached our peak; that henceforth we could not have a national life of our own but must instead adjust ourselves to the qualities of a governmentalized civilization. I thought this a cynical and mischievous contention and I resented it as un-American.

I felt it just as untrue to believe that the depression had stabilized us at a low level as it had been to believe that the Coolidge prosperity had stabilized us at a high level, and, in any case, by the summer of 1932 it was clear to anyone who traveled around our country that we were on our way up. The real bet for the future of our Nation and the future of the world was that we make the grade soberly. The Europeanized new dealers, however, were sure to repudiate their promises, always and at any time, and scrap the good things with the bad in the process of their collectivism.

All my life I had been steeped in the cause of liberalism. And for a number of years I had been urging certain economic modifications in American and British technical periodicals. About this time I was invited to lecture before the economics and political science departments of a large New York university. In a question period afterward a student remarked: "I disagree with nearly everything you have said, sir; but, you see, I'm a liberal."

The term "liberal" had grown so out of hand that an honest use of it was impossible. I stopped saying I was a liberal. I have refrained ever since from saying I am a liberal. I answer that I am an American and let it go at that.

Collectivists stole the liberal label and falsified the concept.

It is typical of collectivism that it calls itself liberal when it is, in fact, reactionary. It is reactionary because it turns back the course of man's advance to the liberal social order which it seeks to overthrow. Its enemies are Chatham and Burke, Fox and Pitt, Palmerston and Cobden, Bright and Gladstone, and, on our side of the Atlantic, Washington and Franklin, Jefferson, Madison, Clay, Webster, Lincoln. Where in all history can be found a group of names like these, and in what teachings have there been more fruitful influences in the thoughts and institutions of mankind?

work of the Joint Committee on Non-essential Expenditures. Another is the large number of bills introduced at this session for the purpose of modernizing congressional procedures. Still another is the increasing attention given to Federal finance by the nationwide taxpayer association movement. And still another is the growing volume of resolutions passed by citizen organizations demanding efficiency and economy in Federal administration.

These developments are straws in the wind which indicate the changing direction of the Nation's temper concerning our financial antics here in the Congress. Let us not delude ourselves with the thought that the secrecy attending war expenditures and the fragmentary nature of the President's budget and the big blank checks we have granted to him, can absolve this Congress and its committees from responsibility to protect and conserve the people's money in the sharpest financial crisis our people have ever encountered.

My colleagues, for the first time we are called upon to finance a world-wide war of men and machines, while at home we are in the midst of revolutionary social-economic changes of unprecedented magnitude. To handle this perilous situation, many bills have been introduced which if passed, would strengthen our capacity to keep informed concerning what the executive agencies are doing and spending, and to enable us better to control their policies and programs. But new committees and new authority will do us no great good unless we follow the dictates of public opinion and define and vigorously prosecute a strict wartime policy with reference to peacetime bureaucracy. We must first break through the secrecy which veils the President's 1944 budget and there get the truth about the wartime worth of various agencies and bureaus. We must separate and clearly see their wartime values and their peacetime values. We must, for instance, know how much of F. C. C., F. S. A., F. W. A., R. F. C., P. W. A., and so on, is genuine, vital war work, and how much may be a secret effort to maintain personnel and pay rolls under the false guise of war necessity. If we once get at the truth and pass it on to the press, I have full confidence that public opinion—and especially the opinion of the taxpaying voters—will compel the Congress to reduce bureaucracy, not in any nominal amount, but in an amount that will be felt and seen in the voters' tax bills.

Every Member of Congress motivated by patriotism and a due regard for the economical use of the people's money will support every sane effort to eliminate the unnecessary expenses of Government; and every Member of Congress with a due regard to what the ballot box can do to his further tenure in office—a ballot box which will be dominated in the future by those who pay direct Federal taxes—will also lend a very attentive ear to the demands for efficiency and economy which the tax-paying voters are beginning insistently and more insistently to voice.

### An Income-Tax Suggestion

#### EXTENSION OF REMARKS

OF

### HON. J. HARDIN PETERSON

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Monday, May 17, 1943

Mr. PETERSON of Florida. Mr. Speaker, the tax bill may be written in conference, and under leave to extend my remarks, I wish to call the attention of the Congress to the following editorial from the Sarasota Herald-Tribune, April 7, 1943:

#### AN INCOME-TAX SUGGESTION

We are neither a statesman nor the son of a statesman and it may be presumptuous on our part to venture a suggestion as to the way to proceed in the collection of income taxes without forgiveness. Inasmuch, however, as the wise men in the Congress and the experts in the Treasury Department have not succeeded very well in arriving at an acceptable solution of the tax problem, a failure on our part to produce a workable and satisfactory formula ought not to subject us to any serious criticism. This is still a free country and it is still the privilege of American citizens to make suggestions about matters of government.

In order to place the collection of income taxes on a pay-as-you-go basis, a method which has practically universal approval, we suggest a dissolving view procedure which would involve only a little additional taxes each year and in 10 years place the collection of taxes on a pay-as-you-go basis. By this plan the 1942 taxes, upon which reports were made on or before March 15, 1943, would be collected this year and, in addition to the 1942 taxes, there would be collected, on a pay-as-you-go basis, 10 percent of the taxes accruing in the year 1943.

When 1944 rolls around, 10 percent of the 1943 taxes will have been collected, leaving only 90 percent to be collected in 1944. But, on the taxes accruing in 1944, there should be a collection of 20 percent, resulting, as in the preceding year, in the collection of 10 percent of additional taxes. In the year 1945, 80 percent of the taxes in 1944 would be collected and 40 percent of the accruing 1945 taxes also, yielding an additional 10 percent for the Treasury. If this method were to be pursued for 10 years, each year the amount collected being reduced 10 percent on the taxes of the preceding year and increased 10 percent on the taxes of the current year, at the end of the 10-year period there would remain no taxes to be collected on the preceding year and the full amount of the taxes on the current year would be collected on a pay-as-you-go basis.

Doubtless there would be some losses in the course of 10 years in tax payments, but there would also be some compensating gains and at the end of the 10 years the Government probably would be neither in nor out any considerable amount of tax money. Should there be any accumulation of assets of large taxpayers, the inheritance tax, coming along a little later, would take care of that. At the end of the 10 years the Government would have gathered into its Treasury practically all the taxes which it would have collected under its present system and in addition the full amount of taxes due in the tenth year would be collected on a pay-as-you-go basis.

There may be some kinks in the proposition, but we do not think there are any beyond the wisdom and ability of the tax

experts of the Treasury Department straighten out. It is very obvious that the present system is not without difficulties and it has become evident that the Ways and Means Committee of the House is badly balled up in its attempt to make any improvement on it.

### Tributes to the Women's Army Auxiliary Corps

#### EXTENSION OF REMARKS

OF

### HON. EDITH NOURSE ROGERS

OF MASSACHUSETTS

IN THE HOUSE OF REPRESENTATIVES

Monday, May 17, 1943

Mrs. ROGERS of Massachusetts. Mr. Speaker, the following tribute was paid the Women's Army Auxiliary Corps by President Roosevelt on May 15:

One year ago today a new page was written into the military history of our Nation. With the organization of the Women's Army Auxiliary Corps the women of our Nation were given an opportunity they long had hoped for. They were to share with men the greatest privilege of an American citizen—the right to serve in the defense of our country.

The WAAC's, as we have come to know them, are 1 year old, and in the brief span of these past 12 months they have justified magnificently the trust that was placed in them.

There were many in the beginning who smiled and some who violently opposed the thought of women serving with our armed forces. Today those of us who have seen and know the work they are doing throughout the military establishments of our country and in our foreign stations have only admiration and respect for the spirit, the dignity, and the courage they have shown.

The course they marked out for themselves was a modest one. They asked only that they might serve in the limited fields of Army operations where their skills and training would be of value. Their mission was to release for combat duty men who were engaged in tasks that could be performed by women. They did, and they proved their capabilities in the doing of their tasks.

At this first milestone in their service, I congratulate the WAAC's and express the gratitude of our Nation for a task well commenced. The fine achievements during their first year of service vindicate the judgment of those who were the pioneers in the movement and give every hope of greater accomplishments in the strenuous weeks and months that lie ahead.

The following are excerpts from statement by the director, WAAC, on May 16, 1943. First anniversary of the Women's Army Auxiliary Corps:

On May 14 of last year the bill was signed creating the Women's Army Auxiliary Corps, and on May 16 the director of the corps was appointed. Today there are some 62,500 of us. Between these dates there lies a year of challenge, of partial fulfillment, and of great promise. Its challenge is to be found in the newness of the organization in our country's history; its fulfillment may be measured in the light of growth and accomplishment to date; its promise is yet unmeasured, nor do we wish to limit it.

Just as the initial concept of the WAAC came into being as the result of military

You will be told:

1. That the adoption of my bill, which is the perfected Ruml plan, will pile up a big debt for soldiers to pay. I will answer this accusation by saying the soldiers and their families are the chief beneficiaries, since they now have to pay a high tax on civilian income out of soldiers' pay, which will not be collected from them under my bill. When they come back from war they will be out of debt for taxes. There is no loss to the Treasury under my bill, so no debt will be piled up which they might have to pay. Surely no one would contend that the American Legion would favor any bill or any legislation that would not be for the best interests of our soldiers and war veterans. I am glad to inform you that Mr. Roane Waring, National Commander of the American Legion, has endorsed the principles of the Ruml plan.

2. You will be told that it will cost the Treasury \$10,000,000,000. That is not true, as even the Treasury admits. The fact is the Federal Treasury will get \$3,000,000,000 more revenue under my proposal than under existing law.

3. You will be told it would give wealthy persons more benefit than small taxpayers. The answer is that if our graduated income-tax system is fair in the imposition of taxes, then the plan is fair in reverse. The small taxpayer gets the same proportionate benefits from this tax plan as the large taxpayer.

4. You will be told that it will create new war millionaires. That is not true. I ask you in all sincerity how new millionaires can be created when our present Federal tax rates take 90 percent of all incomes over \$200,000 for taxes. Those with large incomes have been paying heavy taxes, even before the war, and don't forget that the man with the large 1942 income had to pay his 1941 tax out of it. If he has a current income he will continue to pay 90 percent of it in taxes.

My friends, you cannot go on carrying this burden overhanging income-tax debt to your Government, nor can the Government afford to have you always a year behind with the possibility that some cannot meet last year's tax debt out of current year's income. Congress cannot afford to delay the settlement of this question much longer.

We must get on a pay-as-you-go basis of personal income taxes.

The bill I have introduced is the only one under consideration which will accomplish this with fair and equitable treatment for all income-tax payers.

I hope you are interested in this—I hope you are enough interested to write your Congressman your views on the matter.

If you continue to give us the fine support you have given this worthy cause during recent months I believe there is a good chance that our efforts to safeguard your interests will ultimately be crowned with success.

Now that March 15 is over and tomorrow is St. Patrick's Day—let's drive the snakes out of the tax problem.

problem to the vast majority of American citizens. Practically every wage earner has been called upon this year to pay an income tax, and millions of new taxpayers have been added to the rolls through the reduction in the amount of personal exemptions.

Since the proposal to place the collection of income taxes on a pay-as-you-go basis, the whole subject of income taxation has been widely discussed. Frequent assertions have been made that debt-ridden farmers and migratory workers were specific classes that are finding it difficult to pay last year's taxes this year, and the prospect of collecting 2 years' taxes during the present calendar year is not only impractical but very likely an utter impossibility.

Many of the migratory workers have families at home to support while they follow the call for labor in defense industries in some distant city. As a result, despite attractive wages these workers are reported as saving very little money. This is especially true with regard to their ability to pay their income taxes. Hence a pay-as-you-go plan will not alone aid the farmer by enabling him to discharge his tax obligation with a marked degree of certainty from current farm income, but such a method of tax collection will aid the Government by guaranteeing collection from the great army of industrial workers who are roving the country from one industry to the other and, in many instances, accepting employment under different names so that it is difficult for the taxing authorities to keep an accurate check on their earnings. But the farmer and the migratory worker are not the only classes who will benefit from the pay-as-you-go plan for income tax collection.

This year it is estimated that three times as many people will pay income taxes as did in 1941, and it has been frequently estimated that only 10 percent of the millions of taxpayers were prepared financially to pay their first quarterly installment of 1942 incomes taxes on March 15.

With these facts in mind the subject of income tax presents a pressing problem for every American wage earner. By the same token, it presents a distressing picture for the millions of servicemen and women who have been obliged to interrupt their civilian vocations and enter the armed forces. A vast majority found it necessary to make the readjustment at considerable expense. Their daily lives were changed and overnight hurried plans had to be carried out to put their financial affairs in order. Lifetime savings were spent in arranging for the transition from civilian to military life. In countless instances good jobs at adequate wages were abandoned for the base pay of their rating in the service.

If, as it has been said in discussing the income-tax problem of civilians, that it is proving a difficult problem, how much more distressing is the subject to our service men and women. It has been stated that civilian workers were worried over the marked increase in 1942 income taxes as compared to 1941 and that the question of where to get the money was

interfering seriously with the morale of these workers. Loan sharks and pawnbrokers were looked upon as saviors to the civilian employee who had spent sleepless nights trying to wrestle with the age-old question, Where will I get the money?

If civilian morale in the industrial centers of the Nation have felt such an impact, let us consider the effect among the members of our armed forces who are plagued with the same distracting problem.

It is true that Congress has granted an additional income-tax exemption of \$250 for a single person and \$300 for a married member of the armed forces and that they may elect to postpone payment of their income tax until 6 months after the termination of the war.

Mr. Speaker, I am of the opinion that we have not gone far enough in recognizing the sacrifices of our service men and women. In addition to requiring that they pay income tax on the compensation earned as members of the armed forces, these valiant men and women are subject to the 5-percent Victory tax which the Federal Government proposes to collect from them in 1944.

It is my measured judgment that we should at once consider the untold sacrifices these young men and women are making, and for that reason I introduced H. R. 1210 in Congress on January 14, 1943. This legislation provides for the exemption of persons in the military and naval forces of the United States from Federal income taxes.

Income-tax exemption for members of our armed forces is not without precedent. After the close of the Civil War a special exemption of honorably discharged soldiers from income tax was provided by joint resolution of July 23, 1866, 14 Statutes 371, as follows:

Whereas by the Joint Resolution No. 77 of Congress, approved July 4, 1834, a special income tax of 5 percent on all incomes exceeding \$500 was directed to be assessed and collected and was enforced generally upon all citizens accessible to the revenue officers, but was not enforced against all our soldiers then in the field in the active service of the country; and

Whereas since the surrender of the insurrectionary armies and the disbanding and return of the Federal soldiers to their homes, said tax is being with manifest hardship assessed and collected of them in many parts of the country: Therefore be it

Resolved, etc., That said special tax so imposed shall not be further enforced against officers or soldiers lately in the service of the United States and who have been honorably discharged therefrom, and that the Secretary of the Treasury direct the proper observance of this resolution by all revenue officers.

Approved July 28, 1866.

Following the First World War provision was made for adjusted compensation to honorably discharged veterans—see 43 Statutes 121. Payments of such adjusted compensation were protected from attachment or levy and also from National or State taxation—see 43 Statutes 123, section 308, amended by 44 Statutes 827, section 3—thus constituting at least a partial exemption from income tax.

### Income-Tax Exemption for Members of Our Armed Forces Is Not Without Precedent

REMARKS

OF

HON. JAMES E. VAN ZANDT

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 18, 1943

Mr. VAN ZANDT. Mr. Speaker, income tax is a subject that is proving a



It finally concluded:

"The word 'person' as above mentioned may include members of both sexes, and to those who ask why the word should include females, the obvious answer is why should it not? The burden is upon those who deny that the word includes women to make out their case."

As a result of this decision a woman Senator now sits in the Canadian Parliament.

So women are "persons" in Canada. But here in these United States the Comptroller General says we are not. And he it is who controls the pursestrings. The only thing he can do is to make the meaning of the statute clear even to him, by changing the word "persons" to read "men and women." That is all that the proposed Celler bill does. It would permit the immediate commissioning in the Army of those women surgeons whose skills are so desperately needed in the war effort. It would eliminate sex as a job qualification and would make merit, skill, and ability the sole criterion. That is all that any professional person can ask. It is also what our country needs. Pass this measure, gentlemen, and then we will be sure of having the best surgeons we possess, whether men or women, taking care of our boys.

### Pay-As-You-Go Income-Tax Plan

#### EXTENSION OF REMARKS

OF

### HON. FRANK CARLSON

OF KANSAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 18, 1943

Mr. CARLSON of Kansas. Mr. Speaker, under leave to extend my remarks, I am including an address entitled "Pay-As-You-Go Taxation" which I made over the Columbia network, from the studios of WJSV in Washington, on Tuesday, March 16, 1943:

I appreciate the courtesy of the Columbia Broadcasting System in making it possible for me to talk with you for a few minutes about pay-as-you-go taxation. The objective of pay-as-you-go taxation is to remove the income-tax debt that hangs over all taxpayers. This is what is meant when it is said the purpose of the Ruml plan is to put personal income-tax collections on a current basis. The way in which it is proposed to do this is to move the tax clock ahead 1 year. It is now 1 year behind all the time. This effect is to be brought about by substituting the income of the current year as the basis of assessment for the Federal personal income tax. Few people realized how much money they owed the Government for taxes on last year's income until they made out their income-tax returns. There seems to be a prevailing impression that when you pay your quarterly income-tax payments everything is paid until the taxes for the next quarter are due, or at least they assume they are not in debt to the Federal Government. This is an erroneous impression. The facts are that every citizen is indebted to the Federal Government for last year's taxes until they are fully paid, and more than that, he is indebted to the Federal Government for the accrued taxes due in the year in which he is paying income taxes. This tax indebtedness is a threat to the solvency of our Federal Treasury and a millstone around the neck of the taxpayer.

The income-tax debt hits most when sickness strikes, when a shift of employment reduces your salary or when you have lost your regular income.

Under the present plan of taxation a man this year pays out of this year's income the taxes assessed against last year's income. In

1944 he is required to pay a tax out of his 1944 income, but based upon his income for 1943. Under the present system it can truthfully be said that a dead man pays income taxes—because his estate is liable for income taxes accrued for the year previous to his death. Such a situation—to put it mildly—is not one in which we as a nation can take pride.

The greatly increased rates and lower exemptions of the Revenue Act of 1942 make it imperative that Congress approve legislation making our tax collections current.

Shortly after the opening of the Seventy-eighth Congress the Republican members of the Ways and Means Committee unanimously urged prompt and favorable action on pay-as-you-go tax legislation. The Ways and Means Committee began public hearings on various pay-as-you-go tax proposals on February 2. After weeks of hearings and executive sessions the committee has finally reported a bill. I would be unfair to the committee and the country if I did not state that this has been a most complex and difficult task.

You might be interested in knowing that the President of the United States, in his Budget message to Congress last January, urged the adoption of pay-as-you-go tax legislation. The Treasury Department has advocated it. Every witness—notice I said every witness—that appeared before the Ways and Means Committee urged pay-as-you-go tax legislation. In fact the Ways and Means Committee notified you that they were going to write that type of a bill. I regret to say they have not done so. You no doubt read in your newspapers—you may have heard over the radio—that the President was opposed to the Ruml plan. At a recent press conference the President stated that he was advised by the Treasury that the approval of the Ruml plan would bring in less revenue to the Treasury than existing law. The President had a right to depend on the information submitted by the Treasury Department. I state here and now that the President was misinformed by the Treasury Department. The facts are that the Ruml plan or the Carlson plan will bring in more tax revenue in 1943 than existing law.

Before beginning a discussion of the various bills presented to the Ways and Means Committee for consideration I want to make it perfectly clear that there are only two methods of getting the taxpayer on a current basis.

First, Congress can base this year's tax on this year's income. In other words, move the tax clock ahead.

Second, Congress can try to collect 2 years' taxes in 1 year. These are the only two alternatives.

Personally I do not believe that our taxpayers can pay 2 years' taxes in 1 year. I wonder how many people who are listening to me this evening could pay twice the amount of taxes you are being required to pay this year. Under the bill reported by the Ways and Means Committee, no present taxpayer can become current except by paying 2 years' taxes in 1. In fact, the bill reported to the House by the majority of the committee does not make any present taxpayer current. It is my contention that this bill fails to carry out the promise to the people that taxes would be made current.

Since January 1 I have introduced two bills in the House of Representatives for the purpose of modernizing our income-tax system in order to meet your needs under war conditions. The first bill I introduced presented the original Ruml plan in legislative form. The second bill, which was introduced on March 3, 1943, served to make adjustments in the Ruml plan in order to eliminate any possibility of windfalls, and also provided for collection at the source. H. R. 2042, the second bill I introduced, is a complete pay-as-you-go bill and is written so as to fully protect the Treasury and allow no one to escape their fair share of the tax burden. It eliminates any basis for some of the criticisms that have been

made to defeat and delay a reform that is so important to more than 40,000,000 taxpayers. This bill, if enacted into law, would place taxpayers, as nearly as possible, on a current basis by assessing the Federal income tax for 1943 and every year thereafter on the taxable income of the year to which the tax applies.

The specific provisions of my bill are as follows:

1. The return you filed on March 15 of this year, based on last year's income, is treated as a tentative return for 1943, subject to final adjustment March 15, 1944.

2. All tax payments in 1943 are deemed to be a discharge of the 1943 liability.

3. Assessments on 1942 incomes, payable in 1943, are canceled in order to avoid double taxation.

4. Beginning on July 1, 1943, start deducting tax at the source on wages and salaries and credit the same against the 1943 liability. The withholding will be at the rate of 20 percent on excess over present exemptions. Please understand this does not mean that 20 percent of your salary will be withheld for taxes. It does mean that 20 percent of your salary—less present exemptions—will be withheld. This is the amount of taxes you are now paying. The withholding tax is simply a collection device and does not add one penny to the present tax liability. The only difference is that your tax money will be collected currently and largely, if not wholly, out of the pay envelope.

5. My bill provides that where the 1943 income is expected to be greater or less than the 1942 income, on which the March 15 return was filed, the taxpayer is permitted the filing of one or more supplemental returns during the year to provide the utmost flexibility in adjusting the tax up or down in conformance with current income.

6. It assures against any possible windfall to wealthy persons by providing that where income exceeds \$20,000 in 1942 the tax shall be based on the 1942 or 1943 income, whichever is the greater. This provision eliminates any possibility of a war profiteer making millions of dollars in 1942 and having less income in 1943 and escaping his just tax on these war profits.

7. All taxpayers with 1942 incomes of less than \$20,000 pay currently on their 1943 income. This provides relief for millions of our boys who have entered the military service at greatly reduced pay and are at present liable to the Government for their 1942 income tax, as well as to those whose income has declined or ceased entirely in 1943.

Without going further into explanation I should like to point out that by enacting my plan into law in the legislative form now proposed we should be able to avoid the crisis which might otherwise confront persons who have entered the military service—thousands of small businessmen who were put out of business in 1942 because of the war program—and also avoid much anxiety and suffering on the part of mothers and wives whose husbands died last year and left them with a 1942 tax liability.

Under my bill the Treasury will collect more revenue in 1943 than it would if tax collections were not placed on a current basis. No responsible authority can question this because we know that the 1943 assessment will be at least \$3,000,000,000 greater than the 1942 assessment.

Present indications are that this important legislation will be considered by the House of Representatives next week. My Republican colleagues on the committee and I expect to carry the fight for the adoption of the modified Ruml plan as proposed in my bill to the floor of the House. If you favor this plan, if you favor pay-as-you-go taxation, I would suggest that you write your Member of Congress your views on it.

Every effort will be made by opponents of this plan to advance arguments that might mislead some of our citizens.

power, for money was worth from 1 to 5 percent a month, and no restraint on the amount they could issue, except their good faith. Banks then printed their own paper money, and the law permitted them to circulate \$5 in paper money for \$1 of capital, with no restraint except their good faith to prevent them from circulating \$100 to \$1 of their capital, which was often done.

Nicholas Biddle was president of the great bank. He was the money king of that day and generation. He lived in a marble palace on the banks of the Delaware, 15 miles above Philadelphia, and there in that palace of pure white marble, with great Corinthian columns, this money king dispensed hospitality equal to almost any king in Europe. Thousands of people thought him vastly greater than General Jackson.

Some time before Biddle's charter expired he took a trip to Washington to have a talk with his then friend, Jackson, about a new charter for his bank. The old one was to expire in 1836, and as Jackson was a candidate for reelection he thought it would be a good thing to tell him about the vast power of his bank and its many branches. He told Jackson that the merchants and men of affairs, through all the States were, as a rule, largely indebted to his banks and that through the influence of his branch banks he could control the election in any State in the Union. Then up rose Andrew Jackson and with suppressed emotion said: "Mr. Biddle, if that is true, and I think it is, I tell you here and now, that if you can control the election in any State in the Union, that is too much power for one man to have in a free country in time of peace. And I will tell you further, here and now, that if you can get a new charter from Congress for that bank, by the eternal, I will veto that charter."

Then the great money king set himself to work to defeat the election of Andrew Jackson. The first thing that Banker Biddle did was to buy up or influence all the great democratic papers that were for sale from Boston to New Orleans. They even bought Jackson's home organ, the old Washington Globe, edited by Jackson's personal friend, General Duff Green. When Jackson saw them using Government money to buy up Democratic papers, editors, etc., he said to his Secretary of the Treasury: "Mr. Duane, I don't want you to put any more Government money in that bank; it will blow up; the money is not safe." But Mr. Duane was himself a banker and a very rich man for that day. Of course he was in sympathy with the money power and he said: "I can't obey that order." Then he was told to take an indefinite furlough for the benefit of his health and Jackson put Roger B. Taney in his place, the man who afterward became Chief Justice of the United States.

Clay, Webster, and Calhoun were then all in the United States Senate and all candidates for President against Jackson. Benton, Jackson's great defender, called them "the great triumvirate." At the proper time these great men made great constitutional arguments to show how Jackson had turned Cromwell and was trampling the Constitution and the liberties of the people under foot.

The next move Biddle's henchmen made was to get up honest democratic meetings—honest primaries to denounce and head off the President.

A great anti-Jackson, an honest Democratic meeting of this kind was held in Philadelphia, where the great bank was located, at which they gave a free dinner to 80,000 men—all paid for by the great bank. They appointed a committee of 300 Democrats to go to Washington and ask Jackson to desist from his course in ruining the country. When this committee got to Washington, one of these pride-swollen bankers so far forgot himself to say to the President that if he persisted in his course the people would rise up en masse

and come to Washington with shotguns, pitchforks, and anything that would kill to expel the Goths from Rome. Jackson replied: "Do you come here to threaten me? If you men dare to put any of your big threats into execution, by the great eternal, I will hang you high as Haman."

For a time it did look blue for Old Hickory. It seemed as if he was being forsaken by all his old friends. But after a while it began to be seen that for each great banker that left him four or five honest farmers, mechanics, and laborers came to him.

When the election was over and the vote counted Andrew Jackson, the hero of the people, had swept the whole country by storm. He had more majority than the other candidate had votes. Then the Democrats rejoiced.

Of the millions who (now) inhabit our great Republic how many know that such a man as Nicholas Biddle ever lived? His marble palace is gone and in the wreck of his great bank only \$20 was found to redeem a paper circulation of over a hundred million.

Andrew Jackson was indeed a great man. His name will live forever with the Republic. He saved the people of his day from the grinding curse of a money aristocracy.

### Capitalism on Crutches

#### EXTENSION OF REMARKS

OF

#### HON. ROY O. WOODRUFF

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 3, 1943

Mr. WOODRUFF of Michigan. Mr. Speaker, under leave granted to extend my remarks in the RECORD, I include the following address by Samuel Crowther on capitalism on crutches before the Rotary Club of New York, the Commodore, New York:

When, a little while back, the very kind invitation to speak before you was tendered to me, I replied that I would be delighted to be with you but that I had made it a fixed policy in these times to call things, to the extent of my ability, by their right names, and I had found that this was not a particularly popular approach, for most people wanted a writer or a speaker—and, as you will discover, I am a writer rather than a speaker—to tell them in some cheery fashion that this is the best of all possible worlds and anything to the contrary just ain't so.

This is in line with the tendency of so many of us to accept slogans and catch-words for thoughts and to divide them into two great classes—the one labelled pessimistic and the other labelled optimistic. The pessimist not only sees nothing but gloom ahead, but also accepts his fate as so inevitable that he can do nothing about it. The optimist sees nothing but joy ahead. He has gurgled himself into a new and perfect world born out of our travail and he is now quarrelling about the details of perfection, such as the forms we should use in educating our enemies after we have finished conquering them.

At the risk of being classed as a pessimist, let me say it has not been made wholly plain, at least to me, how the path to freedom of speech will be cleared by its suppression, nor how the path away from want will be cleared by death and destruction, nor how the way from fear will be cleared by more fear, nor how freedom to worship will emerge from the smoking ruins of a world made bare by stimulated hate.

It is all well enough to play at being Alice in Wonderland and it is fun to go to Never-Never Land by airplane with Eleanor or Henry or Wendell. They do not ask us to do anything about anything at the moment and they provide a fluent patter for those of us who wish to be considered intelligent and a good show for the rest of us. But may I remind you that, although one may seem to escape from reality by getting drunk on glory, just as one may seem to escape by getting drunk on a different sort of spirits, there is always a morning after with a more complicated set of realities than we had the day before.

Therefore, instead of asking you lightly to skip with me up to the top of my pet mountain and there unfolding to you a panorama of my pet world, I am going to ask you to sit right where you are and look around, and I am asking you to do this in the hope of bringing an acute realization that, in our mad scramble to escape from thinking, we are permitting an American to be redefined as a supine animal which acts and thinks exactly as it is told. We are already well along on our way toward losing that sturdy, pernickety independence which most of us were reared to believe was our birthright. We are not exchanging it for some supposedly higher form of life in which dependence and interdependence become hallowed. We are not losing it because anyone planned it that way.

We are losing it because, as a people, we have been too cowardly to come to grips with reality, and in trying to escape from reality we have set up a manner and a form of government which has no means of going forward and therefore must go backward and is now mired in the bog of planless socialism, and it does not matter that those who are on the political bandwagon shriek that they are not in the mud at all but on a fine, paved highway.

I hold that it is not only the solemn right but the holy duty of an American citizen to criticize his Government and especially in wartime. And I further hold that it is stark desecration for any Government officer to wrap himself in the flag to hide his errors or his incapacity. In peacetime we can put up with errors and incapacity because usually we can change personalities before too much harm has been done, but today we are at war and the manner and methods of government are so swiftly destroying our civilian economy that all at once we may find that the props have been knocked from under us, and, in the hour when most they need us, we may in sheer helplessness let our boys down. That would be to our eternal shame.

We have been taking the Washington bureaucracy as something of a joke. It is no longer a joke and it is no longer just in Washington. It has spawned all over the country and pretty much all over the world. While the factories and farms are acutely short of manpower, the bureaucrats are multiplying until now in every State there are more Federal than State employees, and in some States several times as many. I do not know how many are outside the United States, but I am informed that in Brazil alone we have around 10,000 civilian employees. We thought we were rid of the Work Projects Administration, but it is back again in a new hat, and where the primitive Work Projects Administration had to learn to doze on shovels, the modern Work Projects Administration have desks.

It is a most extraordinary bureaucracy and presents a phenomenon, the like of which the world has never known. Never has any group anywhere at any time had so low a general level of ability. Having said all that, I have said exactly nothing, for this bureaucracy is not a cause but a result. The members of this bureaucracy are not to be blamed for

I ask unanimous consent to extend my remarks in the Appendix of the CONGRESSIONAL RECORD, and include therein this fine piece of work on this most important subject.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina [Mr. RIVERS]?

There was no objection.

Mr. WEISS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and to include an editorial from the Braddock Free Press.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania [Mr. WEISS]?

There was no objection.

Mr. McMURRAY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an editorial from the Gary Post-Tribune.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin [Mr. McMURRAY]?

There was no objection.

(Mr. HESS asked and was given permission to extend his own remarks in the RECORD.)

#### O. W. I. GETS IN STEP

Mr. CASE. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from South Dakota [Mr. CASE]?

There was no objection.

Mr. CASE. Mr. Speaker, Members of Congress, regardless of party affiliation, are very much in sympathy with the trend within O. W. I., made public in the press today, by which the Government itself joins the program to save paper through curtailing the publication of queer pamphlets and booklets and using the customary channels of newspapers, magazines, and radio to give information to the people.

There is some satisfaction in having this dispute within O. W. I. brought into the open, because many of us have felt that taxpayers' money, manpower, and printing paper have been wasted on an attempt to win the war by pamphleteers. If, as the press today states, a clique within O. W. I. has resigned because it is dissatisfied with this change in policy, their departures from the Government pay roll will be quite in keeping with the desires of members of the Appropriations Committee and the House generally. The fact that those resigning are holdovers from the Mellett regime in O. W. I. makes it that much more satisfactory to the Congress in my opinion.

With W. P. B. ordering curtailment in the use of printing papers by newspapers, magazines, and commercial printers, it was high time for those responsible for the use of paper by the Government to get in step. If Gardner Cowles, Jr., Deputy Director of O. W. I., is bringing this about, he is to be commended and sustained.

#### EXTENSION OF REMARKS

Mr. GILLIE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include an editorial from the Christian Science Monitor.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. GILLIE]?

There was no objection.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. CLEVINGER. Mr. Speaker, I ask unanimous consent to proceed for 1 minute, to revise and extend my own remarks in the RECORD, and to include a newspaper article.

The SPEAKER. Is there objection to the request of the gentleman from Ohio [Mr. CLEVINGER]?

There was no objection.

[Mr. CLEVINGER addressed the House. His remarks appear in the Appendix.]

#### EXTENSION OF REMARKS

Mr. TAYLOR. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a resolution of the Legislature of the State of New York.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. TAYLOR]?

There was no objection.

Mr. KEARNEY. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Appendix of the RECORD and to include an editorial.

The SPEAKER. Is there objection to the request of the gentleman from New York [Mr. KEARNEY]?

There was no objection.

Mr. MICHENER. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. WOODRUFF] may extend his own remarks in the RECORD in two instances and to include an editorial.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. MICHENER]?

There was no objection.

#### POST-WAR PLANNING

Mr. REES of Kansas. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Kansas?

There was no objection.

Mr. REES of Kansas. Mr. Speaker, several Members on this side of the aisle, including myself, have, on a number of occasions, called attention to the vast amount of duplication and red tape within the various departments of our Government, which is pretty well known and understood. Only recently our attention was called to the fact that about 25 different agencies of our Government are giving attention and study to the question of post-war planning. Certainly, we must win this war first; we realize that is most important now. Nevertheless, post-war planning is also important and entitled to careful and comprehensive study.

Mr. Speaker, in place of having 25 different agencies of the Government working on the same general subject matter, it would be in the interest of efficiency, economy, and saving of manpower to have the services of these various agencies coordinated and then eliminate about two-thirds of them. Why there should be more than 2 dozen agen-

cies of our Government, with their big staffs of employees studying the same problem, remains unexplained. I think the administration, after plenty of pressure, will proceed to follow this suggestion. It ought to be done now. To follow the suggestion I have just made will be for the best interest of the people of this country and will result in a better approach to the problem of post-war planning.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. SCOTT. Mr. Speaker, I ask unanimous consent that on Tuesday, April 13, at the conclusion of the legislative program of the day and following any special orders heretofore entered, I may be permitted to address the House for 15 minutes on the two hundredth anniversary of the birth of Thomas Jefferson.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

#### NO EXCUSE FOR DELAYING TAX LEGISLATION

Mr. SCOTT. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. SCOTT. Mr. Speaker, on the day after the defeat of the Ruml-Carlson amendment, I said in this House and in this place that I did not believe the Committee on Ways and Means ought to compromise the principle of pay-as-you-go. Time ticks on. Money is being spent in streams throughout the country which might otherwise find its way into the Treasury. Every day that passes makes this question more urgent. I think we ought to have a bill. I think that bill ought to include the pay-as-you-go principle. I am still for the Ruml plan. I think we ought also to have a withholding tax. Let us be courageous and let us be prompt.

Mr. DISNEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. DISNEY. Mr. Speaker, reference has been made here to some obstinate men. History is replete with instances when some obstinate men did their country some good. Let us see who is so obstinate here.

We disagreed on the Ruml plan to abate \$10,000,000,000. We disagreed on the other phases of the forgiveness feature of the tax bill, such as the Forand plan to forgive \$7,600,000,000. We are agreed, apparently, on withholding at the source, taking the taxes from the pay check of the salaried man and the wage-earner.

The Carlson bill was copied from the committee bill in that respect, so now on that we do not need any compromise or any reconciliation of differences. We are agreed on that. In ordinary circumstances, men in busi-



of Indiana, Iowa, Illinois, and the rest. The existing ceiling is now \$1 per bushel. It has been suggested that if this were raised to as much as \$1.20 per bushel, the middle western farmers would be willing to dispose of their corn so that New York State farmers will not have to dispose of their dairies and poultry.

Therefore, I appeal to you for positive action in this regard. It is my hope you will adjust the ceiling you have placed on corn in such a way as to make it possible for my farmers to buy sufficient feed to last them the remainder of the year. Only by doing this will you be able to save the producers of the country's largest dairying and poultry interest, which is the small family-size farm of the East, now faced with the prospect of extermination after their 3 weeks' supply of feed corn has been exhausted.

#### PAY-AS-YOU-GO IS A TAX MUST

Mr. BENDER. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?  
There was no objection.

Mr. BENDER. Mr. Speaker, I am surprised that the gentleman from Oklahoma [Mr. DISNEY] charges the minority with playing politics with the tax bill, especially since 60 members of his own party have petitioned for some kind of a pay-as-you-go plan. I believe they, along with the Republicans, are interested in some form of forgiveness, possibly a modified Ruml plan. An overwhelming majority of our people want a tax bill of the kind discussed during recent weeks, and all the charges of partisanship or wisecracks will not kill off public sentiment for a pay-as-you-go forgiveness tax measure. I will say to the gentleman from Oklahoma [Mr. DISNEY] that a tax plan will be adopted by this House whether he likes it or not. The defeat of the Ruml plan to "forgive" taxes for 1942 and place the collection of all income taxes on a pay-as-you-go annual tax basis is only the opening phase of a campaign which will inevitably result in a modification of our entire income-tax collection system. When the Federal income-tax program went into effect in 1913, it reached back into the 1912 earnings of every taxpayer and has remained 1 year behind ever since. Today, with literally millions of new taxpayers required to pay income taxes for the first time, the opportunity to place collections on an up-to-date current basis presents itself most definitely.

It is increasingly evident that the Democratic majority in the House of Representatives has evolved no constructive idea for the treatment of income taxation in keeping with the needs of the day. The striking lack of originality in the program offered by the Ways and Means Committee, coupled with their proposal to allow a 6-percent discount to those people able to pay both 1942 and 1943 taxes by June 15, 1943, points to their absolute abandonment of any claim to leadership in the formulation of a wartime fiscal policy.

#### THE CARLSON-RUML TAX PLAN

Mr. BREHM. Mr. Speaker, I ask unanimous consent to proceed for 15 seconds.

The SPEAKER. Is there objection?  
There was no objection.

Mr. BREHM. Mr. Speaker, if the Treasury and the administration were as much interested in helping the poor and the middle class as they are in wrecking the rich, they would have agreed to the Carlson-Ruml tax plan.

#### EXTENSION OF REMARKS

Mr. TROUTMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an editorial.

The SPEAKER. Is there objection?  
There was no objection.

#### OVERTIME PAY FOR GOVERNMENT EMPLOYEES

Mr. RAMSPECK. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H. R. 1860) to provide for the payment of overtime compensation to Government employees and for other purposes, with Senate amendments thereto, disagree to the Senate amendments and ask for a conference.

The SPEAKER. Is there objection?  
There was no objection.

The Chair appointed the following conferees: Mr. RAMSPECK, Mr. RANDOLPH, Mr. McMILLAN, Mr. REES of Kansas, Mr. KILBURN.

#### RIGHT BACK OF RICKENBACKER

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and revise and extend my remarks, and include an editorial from the Railroad Workers Journal.

The SPEAKER. Is there objection?  
There was no objection.

[Mr. RANKIN addressed the House. His remarks appear in the Appendix.]

#### EXTENSION OF REMARKS

Mr. FISH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include an article from the Journal-American of New York, of April 7, 1943.

The SPEAKER. Is there objection?  
There was no objection.

#### AMENDING NATIONALITY ACT OF 1940

Mr. COLMER. Mr. Speaker, I call up House Resolution 199, which I send to the desk and ask to have read.

The Clerk read as follows:

*Resolved*, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H. R. 2207) to amend the Nationality Act of 1940. That after general debate, which shall be confined to the bill and shall continue not to exceed 1 hour, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Immigration and Naturalization, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment, the Committee shall rise and report the same to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

Mr. COLMER. Mr. Speaker, I yield 30 minutes to the gentleman from New York [Mr. FISH].

I yield myself 3 minutes.

Mr. Speaker, this is an open rule making in order the bill H. R. 2207, which is a bill unanimously reported from the Committee on Immigration and Naturalization and which has had the closest scrutiny by many of the Members of this House who are so zealous in guarding the rights and privileges of this country on the question of immigration.

The distinguished gentleman from Texas [Mr. DIES], a member of the Rules Committee, reported this rule and is favorably inclined to the bill.

The bill, in brief, provides that when these boys, many of whom are of tender age, go over to the fighting fronts and on a sudden impulse desert the armed forces temporarily, they may be reinstated or prevented from losing their citizenship which they would ordinarily lose under the previous statute.

The War Department has asked for this bill. It has received favorable consideration and the commendation of those who have considered it.

I reserve the balance of my time, Mr. Speaker, and I yield to the gentleman from New York.

Mr. FISH. Mr. Speaker, I yield myself 3 or 4 minutes.

Mr. Speaker, this is a war measure and it affects the manpower problem before the country. I am in entire sympathy with the proposal in this bill. In fact, I go further than the proposal in the bill, particularly in a war such as we are now engaged in, when we need everybody we can possibly reach, in our armed forces.

I am in favor of permitting men who have been in jail, or who are now in jail, serving in our armed forces. Naturally I am in favor of those who have temporarily deserted, through homesickness or have left the Army through some reaction and then want to come back and serve in our armed forces during the greatest war in our history.

I would like to be advised by some of the students of the Constitution of the United States in the House just exactly what power the Army has to take away the citizenship of a native-born American, an American born in this country. Under the category of treason, in the Constitution, I understand you lose your citizenship once you have been found guilty of treason, but I did not know that the War Department could take away the citizenship of any American. That raises a very important issue in this bill, and before we vote on it I would like to have it discussed and the facts presented to the Congress.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. RANKIN. Does this bill apply to native-born Americans?

Mr. FISH. Yes; it applies to native-born Americans and to naturalized Americans—to all categories of citizens.

Mr. RANKIN. Of course, this applies to men who have been convicted by a military court, but I remember in reading the history of this country, which I



ness affairs can agree to fight out their differences at the proper time and put into execution the things upon which they have agreed. That is what can be done here and now if in good faith we determine to pass a collection-at-the-source plan. That could be done with reasonable promptness. But not a soul in this House believes that we can bring a withholding plan in here if the leadership on both sides will not lend their efforts to passing that, and that alone, because opening the bill up for amendment would precipitate the same dog-fight over the Ruml plan, the Robertson plan, the Forand plan, the Luce plan, the Compton plan, and the Newsome plan—we would have them all in here—that we had the last time that question was on the floor. Who talks about doing that in 1 day or 1 week?

Next Monday the reciprocal trade agreements are set for hearing before the Committee on Ways and Means. It is necessary to pass the Bituminous Coal Act. If you really want to get the money that the gentleman from Pennsylvania talked about, we can pass a withholding tax and the committee can bring that in. But what on earth is the use of bringing it in if we are going to have a week's dog fight over the Ruml plan or these half dozen other plans?

Mr. MARTIN of Massachusetts. Mr. Speaker, will the gentleman yield?

Mr. DISNEY. I yield to the gentleman from Massachusetts.

Mr. MARTIN of Massachusetts. Does not the gentleman think a majority of this House should have the type of bill it wishes?

Mr. DISNEY. Of course.

Mr. MARTIN of Massachusetts. Then why not bring it in and let the majority of the House determine what it wishes?

Mr. DISNEY. Did not the gentleman or someone for him offer the motion to recommit that sent back to the committee the withholding tax, on which we are all agreed? Was not that the gentleman's motion?

Mr. MARTIN of Massachusetts. That was because we did not want to forego the right to get some type of pay-as-you-earn bill.

Mr. DISNEY. You sent the thing back for political reasons. You will have a political dog fight. That is what you are fighting for, and you know it. Every day you are giving out statements, for that reason and none other.

Mr. MARTIN of Massachusetts. The gentleman himself was the first one to inject politics in the tax fight.

Mr. DISNEY. You apparently have not given a thought to the welfare of the country.

The SPEAKER. The time of the gentleman from Oklahoma has expired.

#### EXTENSION OF REMARKS

Mr. NORMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and include therein a resolution passed by the Washington State Senate.

The SPEAKER. Is there objection to the request of the gentleman from Washington?

There was no objection.

#### PAY-AS-YOU-GO TAXATION

Mrs. BOLTON. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

There was no objection.

Mrs. BOLTON. Mr. Speaker, there has never been one moment since I came into this body, when I have governed my actions by party consideration. I trust that no one who listens to me now will interpret my remarks as partisan. It is my intention at this time to throw a little light upon a part of the so-called Ruml tax plan that has been misunderstood by many. I have here the opinion of a very able tax man who has this to say. I quote:

I would like to put forward a thought that I have on this subject, which is that any year's income is simply the yardstick or measure for determining the tax payable. There is nothing sacred about this yardstick. When we look at the matter in this way, we see that the Ruml plan or the Carlson plan or any similar proposal is not seeking to take money from the Government that is due to it but is simply exercising the usual right to change the measure of the tax, which practically every revenue measure does to some extent.

I would suggest that all of us look at the whole tax matter from the standpoint of the need of the people of the United States of America.

#### EXTENSION OF REMARKS

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a letter from Capt. J. D. Carter, chairman of the North Carolina legislative committee of the Order of Railroad Conductors.

The SPEAKER. Is there objection? There was no objection.

#### SUGAR

Mr. CRAWFORD. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection? There was no objection.

Mr. CRAWFORD. Mr. Speaker, for 25 years it has been my custom about this time of year to look up the statistics available on stocks of sugar for the forthcoming several months. As I study the picture today it causes me to suggest to all Members of this body that they proceed to take whatever steps they can to provide for the necessary amount of sugar for their household keepers, to use in canning the fruits and vegetables that are to be grown this year. Personally, I do not see where the required supplies will be available, and I think it is a matter we can well give attention to by reason of the scarcity of foodstuffs at the present time.

Mr. BROWN of Ohio. Mr. Speaker, will the gentleman yield?

Mr. CRAWFORD. Yes.

Mr. BROWN of Ohio. I understand that the Office of Price Administration just made an agreement with Cuba for the purchase of 200,000 tons of additional sugar for the purpose of canning.

Mr. CRAWFORD. Two hundred thousand tons of sugar would probably sup-

ply the city of Pittsburgh, with its greater area and trade center, for probably a week or 10 days, with sugar moving at a fast clip for canning and manufacturing. I am speaking about the 133,000,000 people in the United States and their sugar needs for canning goods, and consisting of vegetables and fruits. A tonnage of 200,000 is a very small sum compared to some 7,000,000 tons or a substantial annual requirement.

Mr. BROWN of Ohio. It would can all of the fruits and vegetables raised in my district, anyway.

Mr. CRAWFORD. It might take care of that, and in a rather satisfactory manner, if permitted to be so used.

The SPEAKER. The time of the gentleman from Michigan has expired.

#### EXTENSION OF REMARKS

Mr. MASON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a short editorial on the subject That Congress Shall Have Power.

The SPEAKER. Is there objection? There was no objection.

Mr. LUTHER A. JOHNSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a certain editorial with reference to the trade agreements.

The SPEAKER. Is there objection? There was no objection.

Mr. KLEIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a resolution from the Senate of the State of New York and one from the State assembly.

The SPEAKER. Is there objection? There was no objection.

Mr. BRYSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the Appendix and include some short resolutions from our State general assembly.

The SPEAKER. Is there objection? There was no objection.

#### CORN FOR DAIRY HERDS

Mr. EDWIN ARTHUR HALL. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection? There was no objection.

Mr. EDWIN ARTHUR HALL. Mr. Speaker, I take this occasion to read an appeal that I am making to Mr. Prentiss Brown, of the Office of Price Administration, in behalf of the farmers of my district:

DEAR MR. BROWN: I take this occasion to make a very special appeal for the dairymen and poultry raisers of my district.

Thousands of farmers in the counties of Broome, Delaware, Chenango, and Otsego are engaged in producing dairy products in the food for victory program. Figures show that they have stepped up their production a considerable percentage over all previous attempts and are now using more feed corn than ever before.

As you are aware, this corn comes largely from the Midwestern States and my farmers have always been dependent upon the Corn Belt for at least partial subsistence.

This year, unless something is done immediately, the dairy herds and poultry flocks of up-State New York must be liquidated; unless the Office of Price Administration does something about the existing ceiling prices that have been clamped upon the corn growers

JAN 15 1943

78TH CONGRESS  
1ST SESSION

# H. J. RES. 30

JOUBON

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 6, 1943

Mr. Weiss introduced the following joint resolution: which was referred to the Committee on Ways and Means

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## JOINT RESOLUTION

To provide for a withholding tax of 10 per centum on gross income.

Whereas the necessity of getting our personal income taxes on a current basis is conceived by all; and

Whereas the dropping of the 1942 taxes and accepting the payments that would be made under the present law for 1942 as tentative taxes for 1943 would not reduce the revenue to the Treasury this year; and

Whereas the loss to the Treasury resulting from dropping 1942 taxes would be spread over many years; not materializing until 1942 taxpayers died or ceased to receive income; and

Whereas it is probable that this loss would be more than offset by insuring the collection of all taxes for 1943 and subsequent years; and

Whereas a "Pay-as-you-go plan" permits of a withholding tax and acts as an anti-inflationary agent: Therefore be it

1       *Resolved by the Senate and House of Representatives*  
2       *of the United States of America in Congress assembled,*  
3       That the Internal Revenue Code is amended by inserting  
4       after supplement T of chapter I the following new supple-  
5       ment:

6       "Supplement U—Collection of Tax at Source on Dividends,  
7   Bond Interest, and Wages

8       "SEC. 425. DEFINITIONS.

9       "As used in this supplement—

10       "(a) PAY-ROLL PERIOD.—The term 'pay-roll period'  
11       means a period for which a payment of remuneration is ordi-  
12       narily made to the employee by his employer.

13       "(b) WAGES.—The term 'wages' means all remunera-  
14       tion for services performed by an employee for his employer,  
15       including the cash value of all remuneration paid in any  
16       medium other than cash; except that such term shall not  
17       include remuneration paid (1) for services performed by a  
18       ~~member of the military or naval forces of the United States,~~  
19       other than pensions and retired pay, (2) for agricultural  
20       labor (as defined in section 1426 (h)), (3) for domestic  
21       service in a private home, local college club, or local chapter  
22       of a college fraternity or sorority, (4) for casual labor not  
23       in the course of the employer's trade or business, (5) for

1 services as an employee of a nonresident alien individual,  
2 foreign partnership, or foreign corporation, if such individual,  
3 partnership, or corporation is not engaged in trade or business  
4 in the United States, (6) for services as an employee of a  
5 foreign government or any wholly owned instrumentality  
6 thereof, or (7) for services performed as an employee while  
7 outside the United States (as defined in section 3797 (a)  
8 (9) ), unless the major part of the services performed dur-  
9 ing the calendar year by such employee for his employer are  
10 performed within the United States.

11 “(c) RECIPIENT.—The term ‘recipient of the income’  
12 means any person entitled to credit against the tax imposed  
13 by this chapter the tax withheld and collected at the source  
14 under this supplement upon the dividends, bond interest, or  
15 wages of such person.

16 “(d) BOND.—The term ‘bond’ means any bond, debenture,  
17 note, or certificate or other evidence of indebtedness  
18 issued by any corporation (including those issued by a gov-  
19 ernment or political subdivision thereof, or any agency or  
20 instrumentality of any one or more of the foregoing), with  
21 interest coupons or in registered form; but shall not include  
22 any such evidence of indebtedness issued by a foreign gov-  
23 ernment or any wholly owned instrumentality thereof or  
24 issued by a foreign corporation which is not engaged in trade  
25 or business in the United States.



1       “(e) DIVIDENDS.—The term ‘dividends’ shall not in-  
2 clude any dividends paid by a foreign corporation which is  
3 not engaged in trade or business in the United States.

4       “(f) WITHHOLDING AGENT.—The term ‘withholding  
5 agent’ means any person required to withhold, collect, and  
6 pay the tax under section 426.

7       “(g) EMPLOYEE.—The term ‘employee’ includes (in  
8 addition to any individual who is a servant under the law  
9 of master and servant) any individual who performs service,  
10 of whatever nature, for a person (including the United  
11 States, a State, Territory, or any political subdivision thereof,  
12 or the District of Columbia, or any agency or instrumentality  
13 of any one or more of the foregoing), unless the service is  
14 performed by the individual in pursuit of his own independ-  
15 ently established business. The term ‘employee’ also includes  
16 an officer of a corporation.

17       “(h) EMPLOYER.—The term ‘employer’ includes any  
18 person for whom an individual performs any service, of  
19 whatever nature, as the employee of such person.

20       “SEC. 426. TAX COLLECTED AT SOURCE.

21       “(a) REQUIREMENT OF WITHHOLDING.—There shall  
22 be withheld, collected, and paid (except in the cases pro-  
23 vided for in section 143) upon all dividends, bond interest,  
24 and wages of every person, to the extent that such dividends,  
25 interest, and wages are includible in gross income, a tax

common enemy she might not have the influence that she needs in the post-war settlements in the Pacific and in east Asia. In short, Russia will be there to help give both the body blow and the finishing blow to her natural and historic enemy.

A SYNTHETIC FACT

The Russo-Japanese neutrality treaty negotiated in 1911, that keeps the parties at peace today, will not stand in the way when the time to declare war against Japan comes. That treaty was fabricated out of synthetic friendship between them and rests on mutual military expediency. Its real aim was to commit the parties from warring against each other at the wrong time. It was fully expected that, at the propitious moment, either party would scrap the treaty unceremoniously and start hostilities. It is rationally obvious that it will not be public opinion in America, but Russia herself, in consultation with the responsible leaders of the United Nations, that will determine the precise and advantageous moment to scrap that treaty and start a shooting war.

America's supreme interest is to end the war as soon as possible with victory on her side. She is not fighting alone. She is associated with other nations whose interests must be considered and correlated to secure the maximum collaboration. Mutual suspicions and recriminations work effectively against themselves, singly and collectively. The present agitation for a Siberian second front with its acrid words and divisive thoughts would serve to rip the ranks of the United Nations to the benefit of the common enemy.

The Farmer in 1944

EXTENSION OF REMARKS

OF

HON. E. C. GATHINGS

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, November 1, 1943

Mr. GATHINGS. Mr. Speaker, there will be no quotas for control programs next year, except on tobacco. While there will be no control on cotton, wheat, corn, rice, potatoes, and so forth, certain goals have been asked of the farmers on a purely voluntary basis.

The goal for cotton next year is 22,000,000 acres, as against an acreage this year of 21,995,000. On cotton we had a carry-over of 10,500,000 bales, with an estimated yield this year of 12,500,000 bales. While we have a comfortable surplus of cotton on hand, there is an increased need for cotton, cottonseed oil, cottonseed meal, and cake. Next year's goal for corn is 100,000,000 acres, as against 96,000,000 acres harvested this year. On wheat there was 54,000,000 acres harvested this year, and the goal for next year is 68,000,000 acres. For sweetpotatoes the goal is 1,000,000 acres, as against 923,000 acres this year. The present prospect is that a good price may be expected for sweetpotatoes, due to the increased demand and the enlarged facilities for dehydrating and canning sweetpotatoes. The goal for Irish potatoes for next year is 3,500,000 acres, or about the same as was harvested this year.

There will be support or floor prices under all crops in 1944. For the basic crops of cotton, corn, wheat, rice, tobacco, and peanuts there will be loans of 90 percent of parity, and for all other crops the Price Administrator will, in December or January, announce the support prices adequate to secure the necessary production. Exactly what these prices will be cannot be indicated at this time and will depend somewhat on the enactment of legislation now pending in Congress to continue the Commodity Credit Corporation.

The Committee on Agriculture, of which I am a member, has reported out a bill to increase the loans on cotton from 90 to 100 percent, and this bill is now ready for consideration by the House. The present price of cotton is not in line with prices which farmers must pay, nor is it on a fair comparative basis with other farm commodities. In fact, cotton should be bringing 30 cents per pound, and cottonseed \$100 per ton.

One of the most serious problems facing the farmer today, in my opinion, arises from the fact that there has been an enormous increase in the cost of farm labor, and no part of this increase is taken into account in the calculating of either parity or ceiling prices. The cost of farm labor represents 32 percent of the cost of production. The official records show that the farm-wage rate is now 2.72 times what it was in 1909, and yet parity and ceiling prices are still calculated on the basis of what was being paid for farm wages in 1909. The city papers give wide publicity to the fact that the figures of the Bureau of Agricultural Economics show that the index of prices paid by the farmer is 165, and the index of prices received by farmers is 193. This makes the public believe that farmers are receiving much higher prices than they are paying; but, as stated above, in prices paid by farmers there is not included the farm labor cost. If this farm labor cost is included, then the index would be—prices paid by farmers—199, and prices received by farmers, 193.

We have passed in the House H. R. 1408, which is a bill to require inclusion of farm labor costs in the calculation of parity and ceiling prices. In fact, this bill has passed the House twice—once last December by unanimous consent, and once this spring with very little opposition. But it has been held up in the Senate, and is now pending before the Senate Committee on Agriculture.

The farmers of the Nation will face a most critical situation at the end of this war. Efforts will be made to put us on a competitive basis with the rest of the world, and I am sure the farmers face the fight of their lives in trying to protect American agriculture. In view of this situation, the logical thing for every farmer to do today is to pay his debts, make all necessary repairs and improvements, and get on solid ground for the future.

Address of President William Green of  
the American Federation of Labor

EXTENSION OF REMARKS

OF

HON. RICHARD J. WELCH

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 1, 1943

Mr. WELCH. Mr. Speaker, under leave to extend my remarks in the Record, I include the following address delivered by William Green, president of the American Federation of Labor, at the sixty-third annual convention of the American Federation of Labor on October 8, 1943, in response to an address delivered by Warren H. Atherton, commander of the American Legion, on the same date:

First of all, may I extend to Commander Atherton in your name and your behalf, our sincere thanks for his visit to this convention and for the address which he delivered. He was right in his conclusions when he stated that we welcome a frank discussion of all subjects and all questions affecting the American way of life and affecting our economic, social, and industrial interests. In fact, the American Federation of Labor conventions are open forums of discussion. We speak with frankness. We act in the same way. We face all issues courageously. We proclaim our virtues and we admit our faults.

It appears to me that I can with perfect propriety point out to the commander that those who seek perfection in an imperfect world are doomed to disappointment, but he who follows the pathway of logic and reason, looking above and beyond the inconsequential faults of a small minority, will realize that after all we are making a fine record in a most imperfect world.

The American Federation of Labor did not hesitate or wait a moment. Immediately after receiving over the radio, through the press and otherwise, information that the Japanese had treacherously attacked America at Pearl Harbor we stepped out and acted at once. A conference of the representatives of the great movement was assembled to meet in the city of Washington. The executive council of the American Federation of Labor met at the same time and there, after solemnly, seriously, and carefully considering the whole situation, we announced our pledge to the President of the United States of cooperation and support. That came from the honest hearts, frank consciences of those men, representing as they did the heart and conscience of American labor. And then in conformity with the program there developed, we pledged to the President of the United States a no-strike policy for the duration of this cruel war. That was made voluntarily, and you must understand the real value of the use of the strike weapon in order to understand the pledge that American labor made to the Commander in Chief of the Army and Navy of the United States. In other words, the mobilization of our economic strength and its use, after all, is the last resort, the protection of labor, the means that it uses to lift its standard of life and living and to protect its own interests. It is the weapon it uses in defense of its interests, and when it agreed to place that behind the door and leave it there until the war was over it honestly pledged itself to support the Government to the bitter end.

The Committee on Banking and Currency in the House of Representatives, by a vote of 16 to 10 adopted an amendment to a bill extending the life of the Commodity Credit Corporation, which would stop all Government agencies and the Commodity Credit Corporation from using any funds to take any loss or pay any subsidies. The only exceptions would be payments or losses on competitive domestic vegetable oils and fats, and oil seeds. The 10 Democratic members of the Banking and Currency Committee, who voted against this amendment, believe that the effect would be immediately inflationary to the extent of greatly increasing the cost of living.

If Congress passed this bill with this amendment in it, then I am convinced that the price of bread will have to go up immediately. The figures are that a \$70,000,000 subsidy will save us all \$350,000,000 in a year in buying bread. In my arithmetic, this is getting \$5 for every \$1 spent. I think that is good business. Multiply that one item of bread over and over on all the other food items alone and what we all save is very large, probably running into some billions of dollars a year. But we won't make this saving if Congress lets the amendment stand.

When a very few people paid the taxes toward the support of the Federal Government it could have been properly insisted that a subsidy to keep down consumer prices, paid out of Federal funds, would be causing the few people who paid the Federal taxes to help pay the bills for those receiving the benefit of subsidy payments. Now, however, this cannot be consistently argued, since all people pay taxes to the Federal Government in one form or another. Therefore, if the people of the United States can use \$70,000,000 of their money to save themselves \$350,000,000 it will certainly be a good trade for them. The cost of living will thus be held down and demands for wage and salary increases successfully answered. Why is it wrong for all taxpayers to permit a part of their tax money to be used by their Government to keep down their food bill, if it will save them \$5 for every \$1 so paid and will at the same time prevent ruinous inflation?

Congress in the passage of the Second Price Control Act, which became effective October 2, 1942, not only authorized but directed the President of the United States to stabilize wages, salaries, and all things entering into the cost of living as of September 15, 1942, insofar as practicable. At the same time authority was given the President to correct gross inequalities and inequities. The President has been trying to carry out this positive mandate of Congress and accordingly April 8, 1943, issued what is called the "hold the line" order, and all agencies of the executive department have been trying to hold the line as of September 15, 1942, on prices, wages, and salaries. Now, if the Congress passes another law that will compel the President to increase the prices of things that go into the cost of living, the President will no longer be able to hold salaries and wages where they are. There will be a race between wages and salaries on one side and the price of goods on the other. The result will be just like putting a match under a thermometer—prices will go out the top, the sky will be the limit, and we will be faced with unbridled inflation.

The President has repeatedly said that if Congress will suggest another way to hold down the cost of living without subsidies, and at the same time give the farmers a fair and sufficient price to encourage production of needed foods, he would gladly accept any alternative that would get the job done. Instead, Congress has offered no substitute and is offering no alternative, but

this bill would compel the President to immediately put into effect regulations that will cause runaway inflation.

It is contended that people are making more money than they ever made and therefore should pay increased prices for foods and other items. Probably about half the workers in the country are receiving much more than they ever received before, but the other half of the workers are not receiving any more than they received before the war; and besides there are 14,500,000 people who are dependent on old-age assistance, veterans' benefits, compensation and allowances, and other fixed incomes that have not increased at all. These people will be the first to feel the increased cost of living.

Those who proclaim that they are opposed to the Government paying any part of anyone's grocery bill are perfectly willing to pay certain subsidies. For instance, certain Congressmen oppose taking off the subsidy on fuel oil to the New England States, which amounts to several hundred million dollars a year, thereby placing themselves in the position of saying it is all right for the Government to pay part of anyone's fuel bill, but wrong for the Government to pay any part of the grocery bill. Furthermore, our same illogical friends are in favor of subsidized housing which results in all the taxpayers paying a part of the rent bill for each family who resides in one of these houses. So the net result is they are not against all subsidies. They are just against some subsidies.

If subsidy payments are good for the farmers producing peanuts, cottonseed, soybeans, and other such fats and oils as provided in the amendment supported by our Republican friends, why aren't they just as good for our farmers who grow other things?

The dairy farmer has found himself in a squeeze. The prices of his feed have been going up but the price of his milk has remained stationary because of the effort being made to stabilize the cost of living. The War Food Administration has recently inaugurated subsidies that will give the equivalent of about 1 cent a quart in the form of a subsidy to the producer. It was contended that this should be made in the form of an increased price of 1 cent instead. If it had been, maybe the producer would have received it and maybe he would not, as it would have necessarily gone back through several hands before reaching the producer. The farmer is entitled to and must receive a good price, but I am sure he will not object if a part of that price is paid in a subsidy if it will give him just as much money and at the same time protect him against ruinous inflation.

Let me give you an example of how a subsidy is working for the taxpayers' benefit. Copper is a critical war material. Some mines have a high cost in producing copper—maybe 10 percent of them. But we need all the copper we can lay our hands on. Would it have been good sense to have increased the price of all copper high enough so that high-cost mines could come out even? Certainly not. The Government subsidized by paying a few mines a higher price for their copper. Thus, no mine made either a loss or a "war baby" profit, the Government got the copper and the taxpayers have had to pay about \$80,000,000 by way of subsidy and have saved about \$1,000,000,000 by way of over-all price, or about twelve and one-half dollars to every \$1 paid in subsidy. That's good business.

This is a very serious situation and one which you of the radio audience can rightfully "view with alarm" because it affects you directly. You have every right—yes; you have a positive responsibility—to let your Congressman and Senators know that you are opposed to inflationary measures of this kind.

## Opposed to Sales Tax

### EXTENSION OF REMARKS

OF

## HON. CECIL R. KING

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 20, 1943

Mr. KING. Mr. Speaker, recently there has been considerable agitation for a 10-percent Federal sales tax. I sincerely hope that no such measure is recommended by the Ways and Means Committee of the House. Just a few days ago rather modest sums were provided for the dependents of military personnel. There was considerable question raised as to whether or not the sums provided were in line with the high cost of living. Now, is it to be proposed that we reduce these modest allowances by and through a 10-percent sales tax law? If so, I cannot go along with such a proposal. In further support of my opposition to a Federal sales tax, I cite the following statistics that have been presented to the House of Representatives by the Honorable A. J. SABATH, viz: There are 2,000,000 aged persons on State and public assistance rolls; 1,000,000 disabled veterans and their dependents; 153,000 retired firemen, policemen, and disabled State and municipal employees; 53,000 blind persons; 700,000 retired workers, widows, and young children receiving social insurance payments under the Social Security Act; and 400,000 persons who are drawing fixed annuities for which they have saved for many years. All these, Mr. Speaker, in addition to the dependents of 9,000,000 soldiers, sailors, marines, Coast Guard men and auxiliary members of our armed forces, I made reference to at the outset.

## Food Production Today Should Be Considered in Its Relation to Set-Asides, Allocations, and Commitments

### EXTENSION OF REMARKS

OF

## HON. REID F. MURRAY

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Wednesday, October 20, 1943

Mr. MURRAY of Wisconsin. Mr. Speaker, many people in high places whose opinions have considerable influence on the war food program appear to be under the delusion that the food production totals of the United States in the peacetime years are the basis of wartime needs. While the per capita consumption of food is some 3,200 or 3,300 calories per day, and whereas the per capita consumption of 2,800 calories is deemed sufficient by the experts, a few people in our country seem distressed to think that our people have more than the 1,500 calories obtainable by some of the other peoples of the world even when the



United States  
of America

# Congressional Record

PROCEEDINGS AND DEBATES OF THE 78<sup>th</sup> CONGRESS, FIRST SESSION

## Appendix

### The Liberated Nations and the New Order

#### EXTENSION OF REMARKS

OF

**HON. CLAUDE PEPPER**

OF FLORIDA

IN THE SENATE OF THE UNITED STATES

Monday, October 18 (legislative day of  
Tuesday, October 12), 1943

Mr. PEPPER. Mr. President, I ask unanimous consent to have incorporated in the Appendix of the RECORD an article written by me entitled "The Liberated Nations and the New Order," appearing in the Free World of August 1943.

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

**THE LIBERATED NATIONS AND THE NEW ORDER**  
(By CLAUDE D. PEPPER)

The attack upon Sicily which President Roosevelt has described as "the beginning of the end" brings us directly up against the question, with whom are we going to collaborate in the territory which the United Nations expect to occupy? I believe all will agree that this time not even military necessity must be allowed to throw us into association with any groups save those dependably and truly democratic. We cannot temporize with fascism anywhere in the world without compromising the great aims for which we fight throughout the earth. As soon as we have made any land safe for democracy, we must see to it that democracy begins to function there. This means, of course, that we must deal with those elements of the population that believe in democracy and are representative of it, and no others.

When Mussolini is overthrown and the odious Fascist system of which he is the apex is uprooted, there can be found, without a doubt, in Italy and among her exiles, men whose democracy can be counted upon and who are capable of setting up democratic institutions for the government of Italy. There must be men and women throughout Italy in whom the flame of liberty and Garibaldi has never been choked out even by the foul clutch of Mussolini. Surely, those noble and courageous men and women who have maintained the underground movement against Mussolini, and the exiles whom Mussolini has driven out of Italy but who have worked with this underground movement and have constantly

labored for Italy's freedom, will be a stalwart and reliable nucleus around which virile representative government may be expected to rise.

Of course, one cannot say beforehand how soon after the United Nations occupy Italy or any other country such a government will come into being. This will depend upon the manner in which the freed people respond to the opportunity which will be theirs; the way they cooperate with their liberators; the responsibility and the capacity for self-government which they exhibit. For we must not forget that we shall be dealing with people in Italy, for example, who for nearly a generation have not known what representative government or democratic institutions meant. A generation of boys and girls have grown up not knowing the name of liberty, not having the experience of enjoying civil rights. The masses of the men and women who have grown to manhood and womanhood under Mussolini in Italy have never been able to write or speak their minds about public matters. Even the very means and media of forming public opinion have been emasculated or perverted.

In Germany, the suppression of individual liberty has been even more severe and complete, although the period of tyranny has not been as long as in Italy. In Japan, the situation is far worse, for political freedom, in the sense that we know it, has never existed in Japan, and there is no tradition of free institutions even so proximate as the rise of Hitler and Mussolini.

Here we have, then, the difficult problem of nurturing democratic institutions in a land where they have never existed or among peoples without recent experience with them. These peoples are really politically backward peoples. Basically our task, then, is the difficult one of political education. I should have said that our problem is to help these people to educate themselves. The means of public information must be restored and there must be set in motion all those multiple forces which give knowledge to the people and stimulate their opinions. There shall have to be a free press. The radio must be open to the dissemination of knowledge and the expression of opinions on public matters. It must be the forum for public debate. A similar opportunity is open to the motion picture, which has the rare advantage of teaching by both sight and sound. The American motion picture industry has a rare opportunity and responsibility in this field, for in what more dramatic and more effective way could the institutions and the manner of living of the American people or of other free nations be

indelibly imprinted upon the consciousness of the liberated peoples than through the marvel of the motion sound picture? Religious freedom must be beyond question. Above all things, the educational system, giving both primary and secondary education, must become the fountainhead of democracy. One can imagine the magnitude of the task of purging from the educational system of the Axis countries all the poisonous influences that have perverted at least a generation of youth, and making such school systems the dispenser of sound knowledge and training and the support of free institutions.

What must be the characteristics of the government which we should allow to exist in these occupied lands? The question will immediately arise in the case of Italy as to whether a king will be acceptable, whatever his status; in Japan, whether we will permit an emperor. There might be even the question as to whether we would allow, to a people who wanted one, a fuhrer. It seems to me that the important thing is not the title which either the titular or politically responsible head of the state might have. Italy had a king before Mussolini. The Japanese from time immemorial have had an emperor. Britain has a king. The important thing is whether the government is chosen by and responsible to the people.

Surely any government entitled to be called representative must be a government sanctioned by the free choice of the people in a free election in which the citizens must be immune from any kind of intimidation either before or after the election. By free election, of course, we mean that before the election there must have been fullest opportunity for debate, for discussion in every public forum. There cannot be tyranny where civil rights and free elections are secure. If we find that a government is chosen by the people and that it respects the civil liberties of the people, then we cannot deny that such a government is democratic in character. Obviously, such standards deny the right of the government to gain or keep power by force.

It will not be an easy task to nourish representative governments into being or to restrain either the impulse or the natural circumstances which will pull us toward substitution of our will for the people's will, making such governments mere puppets in the hands of our political or occupying forces. We shall have to be wary of internal factionalism and the expected jealousies and rivalries which we shall encounter. It will take good sense and understanding and forbearance on our part to make these governments walk by themselves. We shall



ever be confronted with the temptation either to carry or to drive such governments.

II

Nothing will be more important than our relationship to the economies of the liberated lands. Our first task, of course, will be to see to it that such people get adequate food and nourishment. Then, we shall have to see to it that their economies are rebuilt, private enterprise reestablished, private initiative is restored. But if we disengage them from the Axis economy pattern, they will have to be fitted into the economy of the free world. They must be given a chance to live as an unregimented nontotalitarian nation. Naturally, they will be expected to help themselves, but they will be entitled to our help also. Private business will have to be reestablished; private initiative and enterprise stimulated again; the spirit and the genius of invention and discovery, stifled by the totalitarian state, must be aroused again. We must remember that the strong nations will be as much responsible for the economic survival of these freed peoples as for their political and territorial security. We shall have gained nothing if we rescue them from the tyranny of political totalitarianism and leave them the victims of world-wide economic chaos.

There was never a more vivid example of the penalty of selfishness, which led the western power and ourselves to deny that we are our brother's keeper, than what we did in abandoning the Weimar Republic in Germany. We stood by as nations and saw this struggling child of democracy go down before economic forces against which it could not possibly survive alone. We saw it gradually crushed by the bitter opposition of these old autocratic forces which were, and are, the uncompromising enemy of democracy. We allowed the inflation and the mass unemployment and the economic chaos in Germany, out of the womb of which came Hitler. We all remember the bitter breakdown in the German economy after the war and the civil strife which followed it and made even Hitler palatable. How little it would have cost us all to have saved Germany! How much it has cost us to let her be torn apart! I hope we have learned enough to recognize that the family of nations can never allow a member nation to be wrecked again. It is not charity, nor decent sentiment, but enlightened selfishness which demands that we so order the affairs of the world that either weak or struggling new democracies may be able to live and move and have their being in it.

Let those who shall complain about a little trade concession or a loan or a grant, for that matter, to keep a nation alive and free, remember the immeasurable cost of our having let Germany collapse. We have established, through lend-lease in war, the principle that supporting another nation, helping it to survive, is a direct contribution to our own security and strength. This principle must be employed in peace as in war.

We have already made a start in this direction by the planning that is in progress for international currency stabilization to keep down destructive inflation after the war. The recent International Food Conference indicates that we are taking a world-wide point of view in respect to the production and distribution of food. There will come other conferences to deal with all the multiple materials which are the foundations of the world economy. There will have to be a sensible arrangement giving access to raw materials to all on an equal basis. There must be a way of financing public works in the areas that need to be repaired or developed all over the world. Health and housing and labor standards, intellectual collaboration, the curbing of crime, and the war causes of crime are, of course,

all world-wide in scope. Machinery for the adjustment of all kinds of conflicts and disputes will have to be set up. Some points of clash and conflict will be juridical, some will be territorial, some political, some economic.

As nearly as possible the reconciliation of interests must come from private sources, from the recognition of sensible men in sensible groups that we have all got to "get on" with one another all over the world. But there will have to be public forums, tribunals, courts to the bar of which must come even nations with their complaints and claims. And, of course, there shall have to be some effective way of enforcing the decisions of such tribunals.

III

We cannot expect a lawful world without world law, and there cannot be a world law without a world court—a world judicial system. We have passed the point in civilization when we can continue to allow a nation to run amuck. We can no longer reliably depend upon the international posse to deal with international brigands. Surely, we will no longer expose ourselves to the humiliation of admitting that we cannot evolve a substitute for the institution of war. War is too destructive, too disastrous, as well as too revolting, to have a place in a civilized order. Yet we know that war has been resorted to by those who wanted things—from the tribe to the nation—because it was the only way or the best way to get what was desired. No citizen is safe in a lawless community. No nation is safe in a lawless world. Now, at last, we must stretch law over the boundaries of nations, as it has been drawn across the boundaries of communities, and establish a lawful world.

I do not want to overemphasize, however, an international police force. In fact, the clash of interests which makes wars can be resolved better by an intelligent adjustment of conflicts and claims, a sensible recognition of rights and duties, than by the mere repressive power of some sort of international force. The time to stop wars is before the pressure has become explosive, and the only way to do this is to have intelligent, enlightened, and sensible cooperation and collaboration among the powers and leaders of the world.

It was not the absence of an international army, police force, or air power which led the Japanese, the Italians, and the Germans, respectively, to launch their several campaigns of aggression and get away with it. It was the absence of a single will among the free nations and peoples, and the lack of determination on their part to keep down brigandage and banditry. If around the nucleus of the United States, Russia, and Britain there may be formed the free peoples of the earth with a will to keep the world safe, and the machinery for working effectively together is set up and maintained, the world will at last have not only become free, but the abiding place of permanent peace.

It is expected the United Nations will not only disarm the Axis Powers, but keep them disarmed so thoroughly that not even one cannon shall be forged to threaten the peace of any people. But more than that, it is my hope that all other peoples will be disarmed, too—at least to the point where every nation shall be unable to jeopardize the security of any other nation, however weak it may be. I mean that now the dominant members of the United Nations must rid the world of the vice of armaments and relieve all nations, save those who will remain guardians of peace—and later, even them—from the crushing burden of preparation for or against war. It will take the very best the world has to restore the broken earth, and no more "sweat, toil, and tears" must be squandered upon the means of making a war.

If there is an effective disarmament—say, such as is necessary to keep the world peace—then boundary disputes and all other differences will have to be settled by peaceful means. For almost any nation would be able to defend itself against a weaponless aggressor, even if the forces charged with the responsibility of maintaining world order took no hand in the matter. Again, if the United Nations make it a condition of membership in the world community that a government be not only the representative government of the people, but that it protect the decent civil liberties of the people, border and boundary will mean less, nations will be less determined to seek territory by change of boundaries. I mean that if a minority group is allowed to enjoy its civil liberties, it may not be so resolved to detach itself from one national entity and incorporate in another. While flexibility and change in boundaries, and even voluntary transfers of population, may have to be envisaged, there is relatively little danger of consequent international conflict or chaos—all peoples are allowed a fair place in the sun economically, and civil liberties and security are guaranteed to all. What I am suggesting is that the best way to permanent peace is through an affirmative working out of world affairs and problems, so that by keeping down the conditions which make for war, we shall keep down war.

There is a growing solidarity of world opinion due to the intimacy with which the people of the world live together. Yet no international organization can be without its own forum for the expression of a world opinion and point of view. I hope to see, as soon as possible in the organization of the United Nations, provisions made for a regular forum for public discussion. I can even foresee that the United Nations, if they maintain a forum for the free discussion of international problems, may gradually work out the organizational arrangement which experience might dictate, and we might be able to get on with the running of the world in a pretty satisfactory way even before we felt ourselves able to say with certainty just what the blueprint of the world order should be.

These are some of the ramifications of those problems which will confront us when the first territory is occupied, when the first liberated people become our wards. The way in which we shall meet these problems, the breadth of vision, the understanding, the very spirit we exhibit, will indicate how much we have learned—whether we are big enough and great enough to be the architects of that noble edifice for which so many have so long suffered, fought, and died.

### Just Folks

#### EXTENSION OF REMARKS

OF

#### HON. JAMES J. DAVIS

OF PENNSYLVANIA

IN THE SENATE OF THE UNITED STATES

Friday, October 15 (legislative day of  
Tuesday, October 12), 1943

Mr. DAVIS. Mr. President, this morning I chanced to come across an old poem, written by Edgar A. Guest, which brought home to me a truth upon which most men come to ponder during the course of their lives and that is, that of all the inspiring and constructive influences that come into our lives, those exerted upon us in our formative years by our public and church school teachers

following article by George Rothwell Brown from the Detroit Times of September 14, 1942:

**ROOSEVELT WAR POWER UNLIMITED—DEMOCRATS IN CONGRESS BLAMED FOR CRISIS**

(By Geo. Rothwell Brown)

WASHINGTON, September 14.—The Democratic majorities of the Senate and House are almost wholly responsible for the crisis that has arisen between the Congress of the United States and the Executive power.

If Mr. Roosevelt is able to go to the American people, via a radio broadcast, to tell them bluntly—and to serve notice upon the Congress—that if the legislative branch of the Government does not act as he tells them to act, by a specified date, he will proceed to set aside a statute, it is because the Democratic majorities controlling the Congress have built up the Presidency to the formidable position it now occupies.

Mr. Roosevelt was permitted by Congress, in the transfer of the 50 destroyers to Great Britain, 2 years ago, to set aside a statute which expressly prohibited him from doing that very thing. It was a statute he, himself, had signed.

When the President took that action, the country was not at war. Moreover, at the time of this transfer, in September 1940, the country was not even operating under a full national emergency, which Mr. Roosevelt did not proclaim—in a radio address—until May 27, 1941.

However, the country was in a state of "limited national emergency," whatever that may have meant, which the President proclaimed on September 8, 1939.

Today the President's powers, inherent in the Constitution, and in his capacity as Commander in Chief, are enormous, and many of them go back to laws enacted as long ago as 1812, as shown by the compilation of Executive powers under national emergency, submitted to the Senate, at the request of that body, October 4, 1939, by the then Attorney General, Frank Murphy, since elevated to the Supreme Court.

The powers that a President may use, in his capacity as Commander in Chief, are virtually limited only by the boldness of the official exercising them in the prosecution of war and the presentation of the Union to which he is sworn by his oath of office.

The war powers enumerated by Attorney General Murphy, in 1939—and the mere enumeration of them requires 11 pages of printed matter—have since been augmented by Congress in the social and economic spheres in which the present controversy now rages.

In addition to conferring upon the President very great powers, the recent Democratic Congresses have set up numerous boards and bureaus which have exercised powers, and continue to exercise powers, over and above those conferred.

Thus, the War Labor Board has no power to regulate wages, but has done so, and has gotten away with it. So complete has been the party's control over Congress that it has been impossible to prevent the abuse of power by the very creatures of the Congress.

The responsibility of the Democratic majorities in control of both branches of the Congress is clear, and that party eventually must be judged on its record at the bar of history.

How far the Democratic leadership at the Capitol has gone in surrender to the Executive is clearly revealed in the statement made by Speaker SAM RAYBURN, after a long conference with the President, on the issue that is here discussed. He said:

"I believe Congress should pass a simple resolution to give the President authority and direction to prevent inflation, notwithstanding all laws to the contrary."

If the American Congress is ready today to adopt such a resolution, on the theory that this surrender to the President of a power to

sweep aside any statute that he deems detrimental to the winning of the war, is essential to victory, it should have the courage of its convictions and state the case more frankly.

It should adopt a resolution of abdication and surrender the whole conduct of the Government to the President for the duration.

Happily, there is a way in which the Congress can redeem itself and save the Constitution.

It can meet the President's wishes with regard to parity prices, and at the same time couple with that a mandatory ceiling on wages.

Congress has a magnificent opportunity to meet the reasonable position which the President has taken, to prevent inflation.

If it can now muster the wisdom and the courage, it can solve its issue in a way creditable to all concerned and meeting the approval of the American people.

### Parity of Sacrifice

REMARKS

OF

**HON. USHER L. BURDICK**

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, September 22, 1942*

Mr. BURDICK. Mr. Speaker, there is much misunderstanding in the East concerning the farmers of the West and South. One would think, to read the eastern press, that the farmers were out to get the very last cent out of their products regardless of the well-being of the rest of the population. Nothing could be further from the truth. The farmers of my section of the country merely want a square deal and nothing more. They will support our soldiers to their last acre of ground—the old men and the old women will work in the fields as best they can, while their sons are in the battle line.

The farmers of the West want to know that there will be a parity of sacrifice. That is the parity in which they are just now concerned. That parity should affect all wherever they work or toil. It was a mistake for Congress to set up an arbitrary standard of 10 percent above parity. It was considered then that should the farmers' price for his products be on a parity with what he bought that it would not be long before the price of goods he purchased would go on up and the 10 percent was supposed to take care of that raise. But the whole thing was psychologically wrong, for it at once created the impression that farmers were determined to make a clear-cut 10 percent above anyone else, which, of course, never occurred.

When the 1943 agricultural appropriations bill was before Congress some of the farm-organization leaders insisted that cheap feed and more agricultural credit to low-income farmers were unnecessary because farm production was already high enough. The National Farmers Union, through its president, James G. Patton, and its legislative chairman, M. W. Thatcher, took the opposite stand. They were sustained in the end by this Congress; by the President, and by the shortages of foods and fibers now facing the country.

It is refreshing to see the farm union again come to the front with a clear-cut statement to the Congress their position. It is a waste of words to condemn the position now taken by Thatcher when it has been proven he and the farmers' union were 100 percent right on the last farm row in Congress. Anyone who reads his statement will have a hard time convincing himself that Thatcher and the farmers' union are not right again.

I am proud of one thing. We are eternally embroiled in the West with a multiplicity of farm organizations claiming to represent the dirt farmers' interests: The one farm organization we have is a live one—the farmers' union—when that organization takes a stand may be sure it is in the interests of men and women who till the soil. The walk farmers do not get enthusiastic for this organization, but the dirt farmers back it and support it with their time and money. Parity of sacrifice is the slogan of the farmers' union and should be the slogan for all the people and business of the United States. Thatcher says that is the key to putting this country onto a basis for total war. He said:

The National Farmers' Union stands with labor in full support of the President on the three great issues now under consideration by the Congress:

1. The immediate stabilization of farm prices, wages, and salaries, and profits in business, with parity of sacrifice placed on every group in the Nation.

2. The immediate inclusion in the tax bill of the President's specific requests to Congress in his April 27 and September 7 messages. If the full seven-point program to stop inflation is not to falter and fall, it must be placed on those able to pay. Spending and shifting the burden must stop.

3. The assignment of drastic wartime powers to the executive branch of the Government so that this Nation may proceed to maximum production in agriculture as well as other businesses. Every businessman knows and every thoughtful person knows that responsibility and authority go together. Until we give the President authority to match his responsibility for winning the war we will keep on losing it.

The Marines on the Solomon Islands are not debating the fine points of parity. Farmers are entitled to parity and no more. The position taken by the President has been our position for fully a year. We asked the Congress then and repeatedly since to give us stabilization at equitable levels "clear across the board," of all commodity prices, service charges, profits, interest, rent, wages, and salaries. The history already written in every country at war showed more than a year ago that such controls were necessary and inevitable.

We stood and stand for full parity for agriculture and no more. Let others try to explain any formula which asks for more at this time. We have no explaining to do.

Prominent farm leaders who no longer ago than July were fighting the release of Government-owned grain for feeding and loans to more small farmers, using the argument that we already had ample production, now raise the threat of lowered farm production in attempting to secure further benefits for themselves. The hollering for 10, 20, 30 percent more than parity is the voice of the 10 percent of farmers operating big commercial farms who harvest more than 50 percent of the total agricultural income.

The Nation is moving to a manpower crisis without adequate plans and machinery to meet it. Neither in industry nor agriculture can the manpower problem be met primarily

RESOLUTION

OF THE

LEGISLATURE OF CALIFORNIA

IN FAVOR OF

*The abolition of the income tax.*

APRIL 1, 1870.—Ordered to lie on the table and be printed.

STATE OF CALIFORNIA, *Department of State.*

I, H. L. Nichols, secretary of state of the State of California, do hereby certify that the annexed is a true, full, and correct copy of senate concurrent resolution No. 39, passed at the 18th session of the legislature of said State, now on file in my office.

Witness my hand and the great seal of State, at office, in Sacramento, California, the 22d day of March, A. D. 1870.

[SEAL.]

H. L. NICHOLS,

*Secretary of State.*

By LEW. B. HARRIS,

*Deputy.*

CONCURRENT RESOLUTION.

*Resolved by the senate, (the assembly concurring.)* That our senators in Congress be instructed, and our representatives requested, to use their influence to procure, if possible, the abolition of the income tax.

*Resolved,* That his excellency the governor of this State be requested to forward a copy of this resolution to each of our senators and representatives in Congress.

E. J. LEWIS,

*President of the Senate pro tem.*

GEO. H. ROGERS,

*Speaker of the Assembly.*

Approved March 18, 1870:

H. H. HAIGHT,

*Governor.*

Indorsed: Senate concurrent resolution No. 39, adopted by the senate March 9, A. D. 1870.

JOS. ROBERTS, JR.,

*Secretary of the Senate.*

Concurred in by the assembly, March 14, A. D. 1870.

JOSH. MOFFITT,

*Ass't Clerk of the Assembly.*

77TH CONGRESS  
2D SESSION

# H. R. 7636

NOV 27 1942

4

## IN THE HOUSE OF REPRESENTATIVES

OCTOBER 2, 1942

Mr. LANE introduced the following bill; which was referred to the Committee on Ways and Means

## A BILL

To exempt persons in the military and naval forces of the United States from Federal income taxes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*  
3 That every person in the military or naval forces of the  
4 United States (including the Women's Army Auxiliary  
5 Corps and the Women's Reserve of the Naval Reserve)  
6 shall be exempt from all taxes imposed by the United States  
7 upon income.

8 SEC. 2. This Act shall apply with respect to each tax-  
9 able year of a person during the period beginning with the  
10 taxable year in which such person became a member of  
11 the military or naval forces of the United States (including



1 the Women's Army Auxiliary Corps and the Women's  
2 Reserve of the Naval Reserve) and ending at the end of  
3 the first taxable year after the taxable year in which such  
4 person ceased to be a member of such forces or in which  
5 the present war is terminated, whichever first occurs.

77TH CONGRESS  
2D SESSION

**H. R. 7636**

**A BILL**

To exempt persons in the military and naval  
forces of the United States from Federal  
income taxes.

By Mr. LANE

OCTOBER 2, 1942

Referred to the Committee on Ways and Means

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Bill to extend time for filing income-tax returns in the case of prisoners of war (see bill H. R. 6417).

Bill to exempt defense materials from local (see bill H. R. 6617).

Bill authorizing appropriations to reimburse State and local governments for loss of tax receipts on account of the acquisition of certain lands by the United States (see bill H. R. 6643).

Bill to suspend in part the processing tax on coconut oil (see bill H. R. 6682\*).

Bill to exempt certain tangible personal property used in performance of defense contracts from local (see bills H. R. 6750\*, 6955\*).

Bill to subject certain real property acquired for military purposes to local (see bill H. R. 6903).

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Bill to amend Revenue Act of 1940 relating to inheritance and estate taxation (see bill H. R. 7374).

Bill to provide revenue (see bill H. R. 7378\*).

Bill to limit to \$25,000 the net income of individuals for purposes of (see bill H. R. 7572).

Bill to exempt persons in the military and naval forces of the United States from Federal income taxes (see bill H. R. 7636).

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Bill to amend section 56 of the Internal Revenue Code (see bill H. R. 7745).

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Bill to allow taxation by States of certain real property acquired for military purposes (see bill S. 2308\*).

Bill to provide for taxation for bonded indebtedness by the States of real property acquired by the United States (see bills S. 2777; H. R. 7711).

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78TH CONGRESS  
1ST SESSION

# H. R. 1956

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IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 23, 1943

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## A BILL

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3 That every person in the military or naval forces of the  
4 United States (including the Women's Army Auxiliary  
5 Corps, the Women's Reserve of the Naval Reserve, and the  
6 Women's Reserve of the Coast Guard, and the Women's  
7 Reserve of the Marine Corps) shall be exempt from all taxes  
8 imposed by the United States upon income.

9 SEC. 2. This Act shall apply with respect to each taxable  
10 year of a person during the period beginning with the tax-  
11 able year in which such person became a member of the



1 military or naval forces of the United States (including the  
2 Women's Army Auxiliary Corps, the Women's Reserve of  
3 the Naval Reserve, the Women's Reserve of the Coast  
4 Guard, and the Women's Reserve of the Marine Corps) and  
5 ending at the end of the first taxable year after the taxable  
6 year in which such person ceased to be a member of such  
7 forces or in which the present war is terminated, whichever  
8 first occurs.

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## No. XXIII.—Senate Concurrent Resolution.

[Adopted March 2, 1870.]

Printing of  
Surveyor-  
General's  
report

*Resolved* by the Senate, the Assembly concurring, That the State Printer be authorized to furnish, for distribution, five thousand copies of the biennial report of the Surveyor-General for the years eighteen hundred and sixty-eight and eighteen hundred and sixty-nine.

## No. XXIV.—Assembly Concurrent Resolution.

[Adopted March 2, 1870.]

Presentation  
of National  
flag.

*Resolved* by the Assembly, the Senate concurring, That his Excellency the Governor be requested to forward the National flag, manufactured in this State for presentation to the Congress of the United States, to the California delegation, with the request that it be presented to Congress in such a manner as to them may seem fit; and that the manufacturer of the flag be authorized to take charge of it and deliver it to our Representatives in Congress.

## No. XXV.—Senate Concurrent Resolution.

[Adopted March 7, 1870.]

Mail route  
and Post-  
office

WHEREAS, The territory lying between the City of San Diego, in the State of California, and the City of Salt Lake, in the Territory of Utah, embracing a distance of nearly one thousand miles, along which the land is being rapidly settled by an intelligent and permanent population, with towns and trading posts established at convenient distances; and whereas there are at present no postal facilities afforded, and no provision made by the Post-office Department of the General Government, for the transmission of the mails along said route, and between the said termini of Salt Lake and San Diego, therefore, be it

*Resolved* by the Senate, the Assembly concurring, That our Senators in Congress be instructed, and our Representatives requested, to use their influence to procure the establishment of a mail route from San Diego, California, via San Bernardino, to Salt Lake City, Utah, with the establishment of Post-offices along said route, at convenient intervals, said service to be performed weekly.

*Resolved*, That his Excellency the Governor be requested to forward a copy of these resolutions to our Senators and Representatives in Congress, at as early a day as possible.

## No. XXVI.—Assembly Concurrent Resolution.

[Adopted March 7, 1870.]

*Resolved* by the Assembly, the Senate concurring, That our Senators in Congress be instructed, and our Representatives requested, to use their influence to procure the establishment of a semi-weekly mail route from Moore's Flat, Nevada County, to Grantleville, Nevada County.

*Resolved*, That his Excellency the Governor be requested to forward a copy of the above to each of our members in Congress.

## No. XXVII.—Senate Concurrent Resolution.

[Adopted March 7, 1870.]

WHEREAS, The existing Internal Revenue Law of the United States is oppressive and unjust in its operation toward the fruit distilling interest of California, leading to arrest as a criminal and working a confiscation of the machinery and house and land whereon it is located, for the slightest technical violation of its stringent provisions, which are so conflicting as to be beyond the simple comprehension of the humble informers and officials in cases of seizure and sale, acts practically as a bounty upon injustice and petty tyranny, inasmuch as the officer making the seizure is the interpreter of the law, and passes upon the legality of his own acts, from which there is no appeal except at a ruinous expense and loss of time; and whereas, the ruling now imposed by the Commissioner of Internal Revenue, regarding a capacity and per diem tax, is ruinous and inapplicable to the fruit distiller, and prevents the working up of light and inferior wines into brandy, and if persisted in will effectually destroy and close the fruit interests of California; therefore, be it

*Resolved* by the Senate, the Assembly concurring, That our Senators in Congress be instructed, and our Representatives requested, to lay the facts stated in the preceding preamble before that body, and use their utmost endeavors for the repeal of the said law, or such a modification of it as will exempt fruit distillers from its provisions, as applied to malt and grain distillers.

*Resolved*, That his Excellency, Governor Haight, be requested to furnish a copy of the foregoing resolution to each of our Senators and Representatives in Congress.

manner, as other taxes for county purposes are authorized by law to be collected.

Sec. 3. This Act shall take effect and be in force from and after its passage.

#### CHAPTER LXI.

##### *An Act for the incorporation of the City of Anaheim.*

[Approved February 10, 1870.]

*The People of the State of California, represented in Senate and Assembly, do enact as follows:*

City of  
Anaheim.

SECTION 1. All that tract of land known by the name of Anaheim, lying and being in the County of Los Angeles, in this State, and comprising the east halves of sections nine and sixteen, and the whole of sections ten, eleven, fourteen and fifteen of township four south, range ten west, of the San Bernardino meridian and base line, shall henceforth be known as the City of Anaheim; and the said city is hereby declared to be incorporated according to the provisions of an Act entitled an Act to provide for the incorporation of cities, passed March eleventh, eighteen hundred and fifty, with such exceptions and changes as are herein specially named.

Exception. Sec. 2. The provisions of the said Act requiring a population of over two thousand, and limiting the area to four square miles, shall not apply to the City of Anaheim.

Sec. 3. The Common Council of said city shall consist of five members.

Election when held. Sec. 4. An election to fill the offices created by this charter shall be held on the first Monday in May, A. D. eighteen hundred and seventy.

Mayor to act as Recorder. Sec. 5. There shall be no Recorder in the City of Anaheim, but the duties of said office, as prescribed in the general Act to provide for the incorporation of cities, passed March eleventh, eighteen hundred and fifty, shall be performed by the Mayor of said city.

#### CHAPTER LXII.

##### *An Act providing for a preliminary survey of the Harbor of Santa Cruz and Salinas Slough, in Monterey Bay.*

[Approved February 11, 1870.]

*The People of the State of California, represented in Senate and Assembly, do enact as follows:*

Commissioner appointed. SECTION 1. General B. S. Alexander and C. W. Lightner are hereby appointed a commission to examine the Harbor at Santa Cruz and Salinas Slough, in the Bay of Monterey, for the pur-

pose of ascertaining whether the same, or either of them are or can be made suitable for a harbor of refuge, and whether the same, or either of them, can by artificial means be improved.

Sec. 2. The said Commission shall visit the said harbor and slough, and report to the Governor of the State the result of their observations, on or before the first of March, A. D. eighteen hundred and seventy.

Sec. 3. The sum of five hundred dollars is hereby appropriated out of the General Fund, to be paid to said Commission on the submitting of their report.

Sec. 4. This Act shall go into effect from and after its passage.

#### CHAPTER LXIII.

##### *An Act to repeal an Act entitled an Act to prohibit the carrying of concealed weapons, approved April twenty-seventh, eighteen hundred and sixty-three.*

[Approved February 14, 1870.]

*The People of the State of California, represented in Senate and Assembly, do enact as follows:*

SECTION 1. The Act entitled an Act to prohibit the carrying of concealed weapons, approved April twenty-seventh, eighteen hundred and sixty-three, is hereby repealed; provided, that all complaints now pending in any Court of justice within this State, against any person for a violation of the provisions of said Act, shall be heard, tried and determined in the same manner, and with the same effect, as if said Act had not been repealed.

Sec. 2. This Act shall take effect immediately.

#### CHAPTER LXIV.

##### *An Act for the payment of the salary of the County Judge of Tuolumne County.*

[Approved February 14, 1870.]

*The People of the State of California, represented in Senate and Assembly, do enact as follows:*

SECTION 1. It shall be the duty of the Board of Supervisors of the County of Tuolumne for the years A. D. eighteen hundred and seventy and eighty-one, to levy and collect, in the same manner that the State and county taxes are levied and collected, a sum sufficient to pay the salary of the County Judge of said county for said years.

Sec. 2. This Act shall take effect from and after its passage.

Since the introduction of H. R. 1210 I have received many letters from members of our armed forces expressing the hope that Congress will consider such legislation. Many of these letters disclosed the great adjustment that has been found necessary in many lives in transferring from a civilian to a military status. There is no doubt that there have been huge sacrifices made by servicemen and women and the least we can do is to preserve their morale and give them freedom from the fear of the income tax collector as they prepare to sail the seven seas or patrol the five continents in defense of the American way of life.

We are preaching freedom from fear to the whole world, so let us begin at home by freeing our servicemen and women from the gaunt specter of income taxation which we acknowledge has brought frenzy and despair to well-paid civilian workers.

H. R. 1210 has been referred to the House Ways and Means Committee where I hope it will receive early and favorable consideration. The passage of this legislation will be a godsend to the members of our armed forces and will demonstrate with sincerity that ours is a grateful Government and that our appreciation of the untold sacrifices of American manhood and womanhood is capable of concrete expression and not mere lip service for their patriotic zeal and love of country.

### Exploration of Dam Sites in New Mexico

#### EXTENSION OF REMARKS OF

**HON. CLINTON P. ANDERSON**

OF NEW MEXICO

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 18, 1943

Mr. ANDERSON of New Mexico. Mr. Speaker, in connection with my bill, H. R. 323, it has been my unpleasant lot to learn that the purposes of this bill have been distorted, but worse than that attempts have been made to relate incidents as having happened which have no actual basis in fact and never have taken place.

For instance, it was asserted that drilling was started in the plaza of the pueblo of San Felipe and that drilling was to be done at the steps of the sacred kiva. This is absolutely and completely false. I have from the Bureau of Reclamation under date of March 12 a report from the associate engineer, J. R. Yates, covering the Middle Rio Grande project investigations of dam sites. In it he says, concerning the dam site at the pueblo of San Felipe:

No attempt was made whatsoever to drill at this dam site and no equipment was moved to the site.

Again, I am informed that a rumor was circulated to the effect that there was to be drilling within the San Ildefonso Pueblo. The Bureau of Reclamation has officially denied that. It did receive permission to drill at the Otowi dam site

several miles from the pueblo, but when some controversy developed the drilling equipment at the location was moved to another location, and no further attempt has been made to drill at Otowi.

I insert this in the RECORD in order that those sincere friends of the Indians may not be misled into a premature conclusion on a bill which is only for the benefit of all the people living up and down the Rio Grande Valley. It will help both whites and Indians. There is a serious danger of flood in the valley, and widespread floods are not respecters of persons, nor do they stop their destruction at the borders of Indian pueblos or the sacred burying grounds of Indian dead.

It is because of that that I feel it would be far wiser to protect all the inhabitants of the valley, both Indians and whites, rather than to allow a mistaken sentimentality to interfere with a worth-while project, which was started by the Bureau of Reclamation and is necessary to the welfare of people served by the river.

### Fugitives From the Tax Gatherer—An Income Tax on the Wages of Servicemen? Never!

#### REMARKS

OF

**HON. THOMAS G. ABERNETHY**

OF MISSISSIPPI

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 18, 1943

Mr. ABERNETHY. Mr. Speaker, since this great Nation of ours entered the present world-wide conflict, the flower of American manhood and womanhood has been called upon to preserve for us our ideals, our rights, our freedom, and our American way of life. Many of those in our armed forces will make the supreme sacrifice. Many will be maimed and wounded. Many will be otherwise permanently disabled.

Mr. Speaker, I came to this Congress cognizant of the great sacrifices being made by these millions of our young men and women. We do not question their patriotism. We know they love our country. We know that they will do their part to protect it from the domination of any foreign power whether it be German, Italian, or Japanese. We know what to expect of them.

What are they to expect of us?

Income taxes are intended to be levied upon the incomes of those receiving monetary returns from a business venture of individual selection—a venture wherein the individual expects to further himself financially, with no expectation necessarily of physical sacrifice or the possible sacrifice of individual being—a venture calculated to further his personal interests and not necessarily to preserve the liberties of his fellowman.

Why levy an income tax upon a man's wages serving in the armed forces of this nation? No sound theory or reason may be assigned in its support. The service man is not in business. He is not

fighting for wages. His wage is merely incidental to his service. Many of them, besides risking their lives in the defense of this Nation, made a heavy financial sacrifice when they volunteered or were inducted. Yet, under our present revenue laws their wages are regarded as a return from a business venture, thus becoming an object for the recovery of income taxes.

The revenue laws of this Nation do not relieve these valiant sons and daughters from the payment of income taxes on service wages—nay, not even those bearing their breasts to the fire of enemy cannon on the hot sands of north Africa or other battle fronts of this colossal conflict. Under present revenue laws, even many of those in foreign service are required, within a very short time following their return from field of battle to the land which they will have made free from totalitarian domination, to file income tax returns, covering service wages, if you please. Should one be fatally stricken down on the field of battle, even his executor or administrator is required to file a return on the service wages of the deceased within the 15th day of the third month following his appointment.

Why, Mr. Speaker, should he be seriously wounded, returned home, and discharged as physically unfit for further duty, he is required to do likewise within the 15th day of the third month of his discharge. From the lowest private or seaman to the highest general or admiral, I believe that our servicemen and women should be exempt from all taxation on their service wages during the time of war.

Therefore, Mr. Speaker, on March 5, 1943, I introduced a bill in this House, which was referred to the Ways and Means Committee, amendatory of the general revenue statutes, exempting all men and women in the Army, Navy, Marine Corps, and Coast Guard from the payment of income taxes on their service wages, including all such income since December 31, 1941. A companion measure was introduced in the Senate by Senator JAMES O. EASTLAND, of Mississippi. In addition, this amendment goes back to include taxation on estates of enlisted men, women, and officers who have been killed, or who have died in the service since induction under the present Selective Service Act, including taxes on estates accumulated outside of Government earnings since December 31, 1939. Taxes on these estates, where the estate is \$10,000 or less, are forgiven by the amendment.

The total thus exempted by the Government under these amendments will far more than repay itself in added morale in the armed forces. This is just common sense. The total loss to the Treasury by this complete exemption from income tax is a trifling sum as compared with total Government income and expenditures.

On day before yesterday, March 16, only 11 days following the introduction of the Eastland-Abernethy amendment, the distinguished gentlemen of the Ways and Means Committee approved a revenue measure. I am informed that this

measure adopts the principles of our amendment. In embodying these principles into the measure with such rapidity and dispatch the members of the Ways and Means Committee are entitled to the commendation of this House.

This is worthy legislation—so worthy that it should, and undoubtedly will, meet with the unanimous approval of the Congress. Surely, no one will oppose it. I earnestly urge that you do not.

Since the introduction of my bill, which was widely acclaimed by the national press, I have received many letters of wholehearted approval from all sections of the country. They urged immediate passage. Not one dissented or disapproved. I am most grateful for this response.

Exemplary of the many communications received, may I read to the Members of this body the following letter:

UNITED STATES NAVAL STATION,  
Jacksonville, Fla.

Representative THOMAS G. ABERNETHY,  
Washington, D. C.

DEAR CONGRESSMAN: Congratulations on your stand against tax on servicemen's wages. There should certainly not be any Victory or other kind of tax on the servicemen's wages but on others who are gaining by the war effort.

The servicemen will notice who are acting for or against their interests. If more tax money is needed, then increase it on those who are making more than ever before and who have plenty of time to squander it foolishly, as they are doing, but not 1 cent against the small salaries of servicemen.

Very truly yours,

SOME SERVICEMEN.

God bless those servicemen, Mr. Speaker. To them and their thousands of comrades I am grateful for their service. Let the Congress send this message to its servicemen throughout the world: "When you return you will not be a fugitive from the tax gatherer."

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. ABERNETHY. I am delighted to yield to my colleague.

Mr. RANKIN. I want to commend my colleague from Mississippi, who is a member of the World War Veterans' Committee, of which I am chairman, on bringing this matter to the attention of Congress. In doing so he has rendered a valuable service to the men in our armed forces, and I certainly hope the measure will become a law at once.

Mr. ABERNETHY. I thank the gentleman.

### Resolution of the Federal Bar Association of New York, New Jersey, and Connecticut

#### EXTENSION OF REMARKS

OF

### HON. WALTER C. PLOESER

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 18, 1943

Mr. PLOESER. Mr. Speaker, under leave to extend my remarks, I include the following resolution adopted by the

Federal Bar Association of New York, New Jersey, and Connecticut, at a meeting held March 16, 1943. This is in reference to the resolution which I introduced on March 8:

Resolution adopted by the Federal Bar Association of New York, New Jersey, and Connecticut, at a meeting held March 16, 1943, at the Federal Courthouse, New York City, endorsing a joint resolution introduced into Congress by Congressman PLOESER, providing for investigation and study by the Federal Trade Commission of plans and problems with respect to effective post-war operation of the American economic system

Whereas the members of the Federal Bar Association of New York, New Jersey, and Connecticut are in daily, active, and direct contact with Federal laws and the work of all of our Federal Government's administrative agencies; and

Whereas the members of said association are deeply concerned that our Nation shall not only be successful in the present struggle for existence, but that after its victorious conclusion our business system shall be on a sound, just, economic and equitable basis to promote the general welfare of all its citizens; and

Whereas the members of the association have for many years watched with deep interest and gratitude the work of the Federal Trade Commission, and especially its Economic Division, in the studies made on many intricate problems affecting our national economic efforts during the past 25 years; and

Whereas the staff of trained expert business economists employed by the Federal Trade Commission are unequalled for their practical business understanding and their ability to study and solve the intricate national and world-wide business problems, as witnessed by the great beneficial studies they have made for Congress and our Presidents which have resulted in the passage of salutary and corrective legislation for the greater good of the American people; and

Whereas there is at present a great need for a comprehensive study by trained experts of all the factors directly related to our economic structure with respect to our war and peace efforts, so that when peace comes, Congress will have before it an up-to-the-minute survey to guide it in making laws to prevent the collapse of American business and to effectuate an orderly transition from an American wartime economy to a peacetime economy; and

Whereas there has been introduced in the House of Representatives on March 8, 1943, a joint resolution by Congressman PLOESER to provide an investigation and study by the Federal Trade Commission of plans and problems with respect to the effective post-war operation of our economic system, and requiring a report from said Commission to the Congress; and

Whereas the said joint resolution was referred to the Committee on Interstate and Foreign Commerce of the House of Representatives; and

Whereas it is the sense of this meeting that said resolution is entitled to the immediate, favorable attention of Congress so that it may be passed at the earliest possible moment: Now, therefore, be it

*Resolved*, That this association commends House Joint Resolution 90, introduced by Representative PLOESER to provide for an investigation and study by the Federal Trade Commission of plans and problems with respect to the effective post-war operation of our economic system, and urges its early consideration, report, and passage with such changes, if any, as consideration and debate in the committee and on the floor of the House and Senate as may hereafter disclose to be necessary or advisable; and be it further

*Resolved*, That the committee on interstate commerce of this association, headed by former Congressman William S. Bennet, be, and the same hereby is, authorized and requested to secure the introduction of the said joint resolution in the United States Senate by a Senator from New York, New Jersey, or Connecticut, and the said committee is further requested to take such steps as in its judgment are necessary to secure the prompt consideration and passage of the said resolution inasmuch as the urgent demands of our critical situation requires that immediate action thereon by Congress be taken; and be it further

*Resolved*, That the secretary of this association be directed to send copies of this resolution to Congressman PLOESER, the House Committee on Interstate and Foreign Commerce, and to such other persons as may be interested.

HENRY WARD BEER,  
President, Federal Bar Association of  
New York, New Jersey, and Connecticut.

Attest:

ANNA FARINS,  
Secretary.

### Thoughts of a Marine

#### EXTENSION OF REMARKS

OF

### HON. FRANCIS CASE

OF SOUTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Thursday, March 18, 1943

Mr. CASE. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following article from the Sioux Falls (S. Dak.) Argus-Leader of March 15, 1943:

#### THOUGHTS OF A MARINE

What does a soldier, situated at the scene of some of the nastiest fighting of this war, think about?

The answer to that question in respect to one soldier came in a letter which we have just read. It was written by Sgt. J. C. Ryan, whose mother is Mrs. C. G. Ryan, of Sioux Falls.

The letter recorded the sergeant's reflection as a member of a marine battalion in the Pacific southwest.

Here are excerpts from it:

"I am sorry that there has been such a lapse of time between letters. But, as you know, it couldn't be helped. As you can see, there are apt to be more times like that. All I can say is not to worry about me when you don't hear from me. I'm not going to try to mislead you about my safety in times like these, but I want you to believe that I am not at all unhappy about it. So far I am much the better for the war. I can say truthfully that in most operations the percentage of men who don't get a scratch is much higher than of the ones who do. There is no strain to dying in action. \* \* \* I don't know what there is beyond this or if there is anything, but it is all right. I acquired more religion in the past few months than I have ever had, and I haven't been to church, either.

"The job of assuring a permanent peace is as important as winning the war because there is no victory unless it is assured that it is a lasting one. I don't figure that I am fighting the individual man just because he happens to be born in a different country. I like to think that we are combating an idea. I would feel no higher than the animal we must become in combat if I were fighting individuals.



payment of higher wages. This will be apparent. The Executive should be asked to allocate the supply of farm and supplement wages where necessary. This is the answer to farm leaders' labor shortage.

Always, the merit of arguments for re- parity formula, we believe it would be making faith with the Nation, to do so at the moment. Moreover, no set of prices, if devised, will be sufficient to meet production needs. For the duration we must move out of an economy controlled by a war-managed economy in which the use of manpower and materials and resources is the test. Higher prices cannot meet limited supplies to their most efficient

Price relationships artificially established by our farm programs cannot be allowed to stand in the way of quick action to use our land and manpower resources fully for their most efficient and necessary yields. Only production incentive programs with stabilized markets and minimum price protection can insure maximum production of all major farm commodities. All major crops must be placed on the same footing as the so-called staple commodities—corn, cotton, wheat, tobacco, peanuts, and rice. We must use our land resources for the crops to which they are best adapted and thus avoid using such resources blindly for "basic" crops in order to cash in on Government subsidy payments. This is necessary to get total production from our farmers.

We have repeatedly asked Congress and the Secretary of Agriculture for such action. Now the President has requested it. In the immediate future Congress should authorize the Secretary of Agriculture and the Commodity Credit Corporation to enlist all major crops, counting them into the list of crops with minimum price floors.

The tragic truth is that agricultural production has not yet been turned loose. We have a reservoir of more than 1,000,000 farm families who want to produce more but are still throttled by either restrictive acreage allotments or the lack of adequate Government credit. These family-type farmers have the labor power. They must be brought into full war production by an enlarged farm-security-loan program, by revising acreage controls, and, if necessary, by shifting such farmers to better farms than they are now on. Agriculture can produce much more.

We have hundreds of thousands of wheat farmers with millions of acres of land who want to go into increased production but can't because of arbitrary Federal restrictions on the handling of their land and the marketing of their products.

The Secretary of Agriculture would like to meet this problem and knows how. With parity prices and the war measures we have proposed, the lower two-thirds of farmers will have the opportunity to increase their production and their net income. The Nation need not be dependent upon the big commercial farmers who after years of milking the Treasury, farming the farmers and sweating their farm labor, now seem unable to take part in an all-out effort which might jeopardize their profits.

War conditions require concentrated authority to change many production practices. We shall have to abandon production of less useful products. We shall have to abandon less useful land, shifting farmers and farm labor to lands, crops, and methods that will produce our total requirements. We shall have to concentrate or break up farm units to fit the productive possibilities of these farm families. We shall have to require the cooperative use of farm machinery and family manpower. Before we win this war, farmers will be neighbors cooperating as they have never done before.

It costs the unbearable amount of 48 cents of the consumer's food dollar to move our

products to his table, leaving the farmer only 52 cents out of each dollar. The President and the Secretary of Agriculture must have war authority to move in on this wasteful take. It is as costly and as vicious in its operations as the treasurable selfishness shown by big business in the mishandling of our rubber supply. The public must know this. An alert war Congress would maintain constant investigations to ferret out these bottlenecks and police all production and distribution, including farm products.

To place agriculture on an all-out war basis and to act vigorously to increase our farm production, Congress must give the green light to the Secretary of Agriculture with full power and authority to make rapid and proper use of every acre of land, every farm machine, every cooperative farm family, every necessary dollar of credit, together with control of storage and processing facilities for farm products.

Stabilization of farm prices at parity is only the beginning of wisdom. Let's do that quickly and then put ourselves on a total war basis. The sooner we start, the sooner we win.

### Taxing the Soldiers

#### EXTENSION OF REMARKS

OF

### HON. FRANCIS MALONEY

OF CONNECTICUT

IN THE SENATE OF THE UNITED STATES

*Tuesday, September 22 (legislative day of Monday, September 21), 1942*

Mr. MALONEY. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD an editorial from the Washington Star of Sunday, September 20, 1942, entitled "Taxing the Soldiers." It refers particularly to the so-called Ruml plan.

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

#### TAKING THE SOLDIERS

The announcement that married men with dependents probably will have to be drafted in large numbers next year adds a great deal of force to the arguments which have been advanced in favor of the Ruml plan to place the Federal income tax on a pay-as-you-go basis.

If the expectation that from 10,000,000 to 13,000,000 men ultimately will be placed in military service is realized, it seems inevitable that several million of them will have to come from the lists of family men—those who will feel the economic effects of induction most severely. Under existing law, their income-tax payments could be deferred, but they would be expected to pay the full amount within 6 months after being released from the service. And if they should be killed in action, their estates still would be liable for the tax.

These consequences of the present tax system obviously are undesirable and injurious to morale. It is bad enough to keep civilians, whose earning power remains more or less stable, in perpetual debt to the Government, but it is much worse to cut off a man's earning power by drafting him for military service and still hold him liable for an income tax debt that he cannot pay by reason of the Government's action.

If there were no alternative, of course, this situation would have to be tolerated. But when it could be corrected by adoption of some adequate pay-as-you-go plan, with

probable benefit rather than harm to the Treasury's revenue position, it seems strange that there should be any opposition to the taking of remedial action. After all, it was the Government and not the taxpayer that hit upon the unhappy and uneconomic device of paying the tax on last year's income out of this year's earnings. When the current tax bill reaches the Senate floor, it is to be hoped that an earnest effort will be made to secure adoption of the Ruml plan or some similar method of rectifying the income tax deficiencies, which were undesirable in peacetime and which will become thoroughly intolerable when tied up with the tremendous burden imposed by a wartime tax bill.

### Address of Hon. James M. Tunnell, of Delaware, Before the Delaware State Democratic Convention

#### EXTENSION OF REMARKS

OF

### HON. ALBEN W. BARKLEY

OF KENTUCKY

IN THE SENATE OF THE UNITED STATES

*Tuesday, September 22 (legislative day of Monday, September 21), 1942*

Mr. BARKLEY. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD an address delivered by the Senator from Delaware [Mr. TUNNELL] on September 1 before the Democratic State convention at Dover, Del.

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

The duty of watching and guarding American institutions is one that rests upon all our citizens. It has been said that vigilance is the price of liberty. This is true to a much greater extent than most of us realize—danger lies in unconstitutional acts, laws that infringe upon the rights of citizens and the manipulation of corrupt political machines which dominate legislative affairs. All of these have a tendency to remind citizens of their duty to keep alive freedom, the right of self-government which we have inherited. In Delaware, conditions are changing so rapidly that one is inclined to wonder if we are losing our self-government entirely. Is this the fault of our citizenry, or is this a result of the tendency of the times? For more than 40 years the debauchery of elections in Delaware has been outstanding. Those who assist in its debauchery have learned to apologize for its practice. From 1894 to the present time, there has seldom been an election, the result of which was not largely influenced, if not entirely determined, by corrupt practices. It is our custom to speak of the corrupt political machines of the great cities such as Philadelphia and New York. Delaware has a more corrupt Republican machine than any of them. However, in large cities only a small proportion of the electors are identified with a political organization. In a State such as ours, a very large percentage of our citizens are identified with political activity. A large percentage of the voters of Delaware vote. In fact a very much larger proportion of the citizens of Delaware vote as a result of bribery. When such a motive is the reason for voting, appeals to patriotism or better living conditions have little or no effect.

Many years ago I was informed by a leader in the United States Senate that Delaware

## General Sales Tax

## EXTENSION OF REMARKS

OF

HON. USHER L. BURDICK

OF NORTH DAKOTA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 23, 1943

Mr. BURDICK. Mr. Speaker, the annual convention of the North Dakota Farmers Union went on record very definitely in regard to a general sales tax, and the resolution there adopted reads as follows:

Stabilization of economy: We commend our national and State leadership for standing firm for the Farmers Union policy formulated before Pearl Harbor for the complete stabilization of our internal economy and positive control of inflation. We recognized that at all costs we must prevent the repetition of the inflation and resultant deflation following World War No. 1 which caused 1,000,000 American farmers to lose their homes and eventually caused 16,000,000 workers to lose their jobs.

To that end we support: Opposition, with every ounce of strength we can muster, to a general sales tax which, if passed, would be highly inflationary—not deflationary.

It is apparent from the wording of this resolution that the farmers of North Dakota think clearly on this vital question and they have not forgotten the results of the last war. They are to be commended for their foresight in pointing out the dangers ahead.

## Thanatopsis

## EXTENSION OF REMARKS

OF

HON. JOHN J. DELANEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 23, 1943

Mr. DELANEY. Mr. Speaker, during the past 48 hours the grim reaper has laid his heavy hand on two Members of Congress—HENRY STEAGALL and BILL DITTER. The news of their demise had hardly been announced when we received the sad tidings of the death of W. WARREN BARBOUR, a Senator from the State of New Jersey. No Member of either body of the Seventy-eighth Congress can fail to realize that "while we are in life we are in the midst of death." The sentiments expressed in the poem of William Cullen Bryant, *Thanatopsis*, seem to be peculiarly appropriate at this time, and I am appending it to my remarks:

## THANATOPSIS

To him who in the love of nature holds  
Communion with her visible forms, she  
speaks

A various language; for his gayer hours  
She has a voice of gladness, and a smile  
And eloquence of beauty, and she glides  
Into his darker musings, with a mild  
And healing sympathy, that steals away

Their sharpness, ere he is aware. When  
thoughts

Of the last bitter hour come like a blight  
Over thy spirit, and sad images  
Of the stern agony, and shroud, and pall,  
And breathless darkness, and the narrow  
house,

Make thee to shudder, and grow sick at  
heart—

Go forth, under the open sky, and list  
To Nature's teachings, while from all  
around—

Earth and her waters, and the depths of  
air—

Comes a still voice—Yet a few days, and  
thee

The all-beholding sun shall see no more  
In all his course; nor yet in the cold ground,  
Where thy pale form was laid, with many  
tears,

Nor in the embrace of ocean, shall exist  
Thy image. Earth, that nourished thee, shall  
claim

Thy growth, to be resolved to earth again,  
And, lost each human trace, surrendering up  
Thine individual being, shalt thou go  
To mix forever with the elements,

To be a brother to the insensible rock  
And to the sluggish clod, which the rude  
swain

Turns with his share, and treads upon. The  
oak

Shall send his roots abroad, and pierce thy  
mold.

Yet not to thine eternal resting-place  
Shalt thou retire alone, nor couldst thou  
wish

Couch more magnificent. Thou shalt lie  
down

With patriarchs of the infant world, with  
kings,

The powerful of the earth, the wise, the  
good,

Fair forms, and hoary seers of ages past,  
All in one mighty sepulcher. The hills  
Rock-ribbed and ancient as the sun, the  
vales

Stretching in pensive quietness between;  
The venerable woods, rivers that move  
In majesty, and the complaining brooks  
That make the meadows green; and, poured  
round all,

Old ocean's gray and melancholy waste,  
Are but the solemn decorations all  
Of the great tomb of man. The golden sun,  
The planets, all the infinite host of heaven,  
Are shining on the sad abodes of death,  
Through the still lapse of ages. All that  
tread

The globe are but a handful to the tribes  
That slumber in its bosom, take the wings  
Of morning, and the Barcan desert pierce,  
Or lose thyself in the continuous woods  
Where rolls the Oregon, and hears no sound,  
Save his own dashings—yet—the dead are  
there;

And millions in those solitudes, since first  
The flight of years began, have laid them  
down

In their last sleep—the dead reign there  
alone.

So shalt thou rest, and what if thou with-  
draw

Unheeded by the living—and no friend  
Take note of thy departure? All that breathe  
Will share thy destiny. The gay will laugh  
When thou art gone, the solemn brood of  
care

Plod on, and each one as before will chase  
His favorite phantom; yet all these shall  
leave

Their mirth and their employments, and  
shall come,

And make their bed with thee. As the long  
train

Of ages slide away, the sons of men,  
The youth in life's green spring, and he who  
goes

In the full strength of years, matron and  
maid,

And the sweet babe, and the gray-headed  
man—

Shall one by one be gathered to thy dust,  
By those, who in their turn shall follow thee;  
So live, that when thy summons comes to  
join

The innumerable caravan, that moves  
To that mysterious realm, where each shall  
take

His chamber in the silent halls of death,  
Thou go not, like the quarry slave at night,  
Scourged to his dungeon, but, sustained and  
soothed

By an unfaltering trust, approach thy grave,  
Like one who wraps the drapery of his couch  
About him, and lies down to pleasant dreams.

Congressman Randolph Urges Favorable  
Action on Lea Aviation Bill

## EXTENSION OF REMARKS

OF

HON. LYLE H. BOREN

OF OKLAHOMA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 23, 1943

Mr. BOREN. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following excerpt from a very excellent article by my colleague, Representative JENNINGS RANDOLPH, of West Virginia, appearing in the November issue of *Flying* magazine.

There are few, even among those now engaged in the field of aeronautics, who have a full conception of the terrific impact which post-war civil aviation will strike on world civilization. Technological advances since Pearl Harbor have been so vast that they are difficult to comprehend. More important, we have trained (and trained well) hundreds of thousands of our best young men in various branches of aviation. The results of the program have already become visible to the world to see.

American skill plus American courage fighting side by side with that of our allies has battered the once mighty Luftwaffe to a quaking shell, unable today to do more than struggle weakly against the inevitable tomorrow when it will be swept from the sky. Boastful, strutting Mussolini has gone to oblivion. The arrogant Jap, trained to come death before surrender, fled from the front through the fog. On fronts the whole world over, Allied air power is demonstrating supremacy in a manner that will shorten war by years and save millions of lives.

When the conflict is over, when these discoveries and trained men turn to the purposes of peaceful society, civil aviation will come into its own, in a manner that will affect the daily lives of all human beings. Because so much of its development is American, its greatest effects will be felt here.

None of us knows when the war will end. However, we all realize—or should realize—that it would be a tragic mistake if, after war ends, we are not in a position to proceed immediately, without lost time, in the development of the aviation industry. We have time now to lay the plans. If we wait until fighting is over we will run the risk of being behind during the period which will be vital to the future health and strength of the aviation industry. It behooves us to begin longer in making the necessary plans to provide legislation immediately which

This gentleman says that the people in that section of the country are tired of this kind of waste and he hopes Congress will do something about it.

Mr. THOMASON. Mr. Speaker, will the gentleman yield?

Mr. CRAWFORD. I yield to the gentleman from Texas.

Mr. THOMASON. Has the gentleman verified that statement of the War Department?

Mr. CRAWFORD. No; I have not.

Mr. THOMASON. I think that statement ought to be verified. I am certain that is not the practice in that part of the country.

Mr. CRAWFORD. I hope the gentleman, as a member of the Military Affairs Committee, will verify it; and if the practice is going on that he will see, with our help, that it is discontinued.

Mr. THOMASON. I have very serious doubts as to the accuracy of that statement.

[Here the gavel fell.]

#### CONSTRUCTIVE CRITICISM

Mr. BENNETT. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include a brief editorial and also I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Missouri [Mr. BENNETT]?

There was no objection.

Mr. BENNETT. Mr. Speaker, the following is a paragraph from a letter which I received September 28, 1942, from a constituent living in Nevada, Mo., where Camp Clark is located:

Seven carloads of soft coal from Kentucky came to Camp Clark today. I understand the freight rate was \$3.66 per ton. Soft coal sells here, delivered, from \$3.50 to \$4.50 per ton. Needless to tell you, we are in the soft-coal district. Hume, 30 miles from Nevada, has one of the largest steam shovels in the world. According to the newspapers a new steam shovel is going in at Walker, Mo. Fifty families are expected to move in to operate this field. We have large shovels at Bronaugh and Moundville, and excellent coal. Milford coal fields are 30 miles away. Clinton coal mines are very near. Rich Hill has several deep-shaft mines, 20 miles away. Deep-shaft Kansas coal is near at Pittsburg, Kans. All these towns are on direct railroad lines to Nevada and only a few minutes away. The freight cost from Kentucky alone would pay for the local coal.

Everybody knows that one of our greatest war problems is transportation. Another problem is how we are going to raise money to pay for the war. None of these problems is being solved by lax administration responsible for the situation to which I have referred and which is all too typical of New Dealism.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. H. CARL ANDERSEN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute and to revise and extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota [Mr. H. CARL ANDERSEN]?

There was no objection.

#### THE LABOR SITUATION

Mr. H. CARL ANDERSEN. Mr. Speaker, I read from a card dated September 22 from Coeur D'Alene, Idaho, addressed to a friend of mine:

Am working here and like it. Am getting \$131.75 a week.

(Signed) JOE, a Plumber.

Mr. Speaker, let me quote further from a letter from Joe to his father back in my district:

Come out, Dad, we do not do as much work here in a day as we did in (our home town) in 2 hours. Due to union restrictions, we cannot drive a nail when we have to have a few boards nailed in place to hold our pipes, so we have some so-called carpenters with us (we would never call these carpenters back home). All these carpenters do for the \$12 that they are paid (or about that) for an 8-hour day is nail up a few boards to hold the pipe. (We always did this ourselves back home). I'll bet some of these so-called carpenters do not drive 12 nails a day some days.

So writes Joe, who earns \$131.75 a week, to his father.

There, Members of Congress, is an instance of the dislocation which has been caused by this administration permitting union labor to run hog wild, raising Cain with every other line, making it impossible for agriculture to endure or for small business to stay in business.

#### EXTENSION OF REMARKS

Mr. BURGIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include an editorial from the Raleigh News Observer.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina [Mr. BURGIN]?

There was no objection.

Mr. HARE. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to include an address by Dr. James C. Kinard to the graduating class of Newberry College on June 2.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina [Mr. HARE]?

There was no objection.

Mr. FULMER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a letter received from one of my constituents.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. THOMASON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein two letters regarding Lt. William Ames Garnett, of the Air Corps, from Gainesville, Tex., who is reported missing in action.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

#### SOCIAL-SECURITY TAXES

Mr. CELLER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CELLER. Mr. Speaker, the Senate Finance Committee has very appropriately adopted an amendment to the proposed tax bill canceling the scheduled increase in social-security taxes commencing January 1. Secretary of the Treasury Morgenthau has taken emphatic exception. I respectfully differ with Mr. Morgenthau.

On the present basis of rates there has developed a huge surplus in social-security funds of over \$5,000,000,000. I reported almost a year ago that the amount collected in social-security taxes over a period of 4 years was 81 percent greater than the amount paid out.

This surplus, of course, is not in the Treasury. It has been siphoned out by the Treasury for general expenses and I O U's are substituted. Why should those subject to social-security taxes pay for the general expenses of the Nation? It is most illogical to have 40 percent of the people—a segment of the population—contribute to the general appropriations for running the Nation. Self-employers, farmers, domestics, doctors, lawyers, and many others are thus exempt from taxation. If that is logical, it would be just as logical for the Secretary of the Treasury to do a buck-and-wing dance on the Treasury steps. I think the tax should be frozen at the present rates, if not reduced.

The Secretary also claims increases in social-security taxes would aid the drive against inflation. But why should 40 percent of the population be compelled to aid that drive and 60 percent go scot free and be relieved of that compulsion?

#### EXTENSION OF REMARKS

Mr. BRYSON. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a statement sent to me.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

#### FUEL OIL SHORTAGE IN NEW ENGLAND

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks and include therein a directive just issued by the Petroleum Coordinator, Mr. Ickes.

The SPEAKER. Is there objection to the request of the gentlewoman from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. Mr. Speaker, this Directive 59, issued by the Petroleum Coordinator for War, if carried out expeditiously, will be very helpful. It provides for the pooling of facilities and will make additional tank cars available. It will greatly increase the movement of petroleum with the plans the railroads have for running oil trains of many tank cars on schedules comparable with those of passenger trains. Information has come to me showing that while the east coast in general is receiving 90 percent of its oil, New England is receiving only 70 percent. Something has been done to ease the situation but not nearly enough. To my mind, the



seas, as it is planned to use the unit as a whole when its training for field service has been completed.

Basic training requires from 6 to 13 weeks. As overseas replacement depots are established they are filled with men who have completed their basic training in the United States. These soldiers will complete their training for field service with the unit to which they are assigned. An overseas assignment certainly does not mean immediate combat duty, but calls only for a continuation of training.

The War Department has no intention of sending men into battle until they have attained the highest possible standard of training.

#### MORAL PREPAREDNESS IS IMPORTANT

Every parent should realize the necessity of a large Army and that early intensive training is the best way to bring their boys home with the least possible casualties and the greatest state of physical well being. Moral preparedness on the part of the women and their willingness, hard as it may be, to accept the realities of war are the surest and most certain way to insure ultimate victory and the preservation of our civilization without which none of our lives would be worth living.

Erected on the grounds of the State Capitol at Columbia is the beautiful bronze statue of a woman. This is South Carolina's tribute to southern womanhood in recognition of their fortitude in the War between the States. The inscription, which should be an inspiration to the women of this generation, both North and South, who are in no way less patriotic or lacking in the virtues of generations past, reads:

"In this monument generations unborn shall hear the voice of a grateful people testifying to the sublime devotion of women of South Carolina in their country's need.

"Their unconquerable spirit strengthened the thin lines of Gray; their tender care was solace for the stricken.

"Reverence for God and unfaltering faith in a righteous cause inspired heroism that survived the immolation of sons and courage that bore the agony of suspense and the shock of disaster.

"The tragedy of the Confederacy may be forgotten, but the fruits of the noble service of the daughters of the South are our perpetual heritage."

#### PERMISSION TO ADDRESS THE HOUSE

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts, [Mr. MARTIN]?

There was no objection.

Mr. MARTIN of Massachusetts. Mr. Speaker, I take this time to inquire of the majority leader as to what we might expect concerning the anti-inflation bill that has been passed by the Senate.

Mr. McCORMACK. It is the intention to take up this bill tomorrow and it is our hope that it will pass tomorrow; in any event before the end of the week. Just what the legislative status will be tomorrow or what steps will be taken tomorrow I am unable to state now.

The bill will have to go to conference, as there are other matters to be ironed out other than the parity question that is involved. It is my hope that between now and tomorrow those who will serve on the conference committee on the part of the House and on the part of the Senate, assuming the bill goes to conference, will have informal meetings so that if the bill goes to conference there will be speedy

action in returning a conference report to both branches. It is our hope that if the conferees agree there will be no objection to the conference report being considered by this body tomorrow, if the conferees agree by tomorrow, or on the day they do agree.

Mr. MARTIN of Massachusetts. I hope there will be no objection to consideration tomorrow because everybody wants to get action as quickly as possible.

Mr. McCORMACK. I appreciate that. May I say that the principal reason for waiting until tomorrow is the fact that it is only fair to the membership of this House that an opportunity be given to the Members to study the changes made in the Senate bill, the bill having been in that body for 7 or 8 days. It was expected that the bill would pass the Senate on last Monday, then on Tuesday. It is only fair to the membership of the House that they be given today in which to study the action taken by the Senate.

Mr. MARTIN of Massachusetts. In other words, every effort will be made tomorrow to conclude action as far as the House is concerned upon this particular legislation?

Mr. McCORMACK. Exactly. It is the hope of the leadership, and I am sure I speak the sentiment of all Members of the House, at least I hope I do, that the bill will be concluded tomorrow.

#### COMMITTEE ON RULES

Mr. SABATH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. SABATH. Mr. Speaker, for fear that I may not be able to reach all the Members in time I announce now that in all likelihood it will be necessary for the Committee on Rules to meet tomorrow morning at 10:30.

#### PERMISSION TO ADDRESS THE HOUSE

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent that on Tuesday next, at the conclusion of the legislative program of the day and following any special orders heretofore entered, I may be permitted to address the House for 15 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

#### EXTENSION OF REMARKS

Mr. EDWIN ARTHUR HALL. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein an editorial from the Chenango Telegraph.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

#### ANTI-INFLATION BILL

Mr. RICH. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. RICH. Mr. Speaker, I wonder if the minority leader can tell us what happened to the deadline of October 1 on the anti-inflation bill.

Mr. MARTIN of Massachusetts. What happened to the deadline?

Mr. RICH. Yes. Congress had up until October 1 in which to act. Now that the Congress has not acted, what is going to happen?

Mr. MARTIN of Massachusetts. Mature deliberation always changes things.

#### EXTENSION OF REMARKS

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and include therein a resolution recently adopted by the One Hundred and First Infantry Veterans' Association in convention.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

#### A PAY-AS-YOU-GO INCOME-TAX PLAN

Mr. PLOESER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

Mr. PLOESER. Mr. Speaker, I strongly favor and advocate the enactment of a pay-as-you-go income-tax law for individual income-tax payers. A law which would embrace the following principles:

First. A provision for the current collection of estimated taxes on current income. In other words, individual income-tax payers would pay their 1943 income tax during the year 1943, the year in which the income is earned.

Second. This would eliminate the ever-current tax indebtedness of income-tax payers; it would change nothing on the books of the Treasury which does not now carry a tax indebtedness as an accounts-receivable item or asset. Current tax collections would not change current income of the Treasury.

Third. Individuals would be paying their income tax as they earn the income and while they have the ability to pay.

Fourth. Such a provision would eliminate the taxpayer's problem of paying a 1942 tax on a high income with the earnings from a 1943 low income.

Fifth. Such a provision would virtually eliminate uncollectible and delinquent taxes from the Treasury's present problems on individual income-tax items.

Sixth. The taxpayer would always know his net income usable for himself and needs.

Seventh. Such a plan would currently take excess earnings and thereby be somewhat beneficial as a deterrent to inflation.

Eighth. This plan would naturally embrace the elimination of one past tax bill for every individual income-tax payer. However, such an elimination of tax bill would not in any way affect the income of the Treasury. It does, however, provide this postponed benefit to taxpayers in that when income ceases no tax debt exists.



Mr. Speaker, on July 27 of this year a Mr. Beardsley Ruml, who is chairman of the Federal Reserve Bank of New York and adviser of the National Resources Planning Board, very ably presented such a provision to the Senate Committee on Finance. While I realize that from a parliamentary standpoint we cannot at this time in the House incorporate it in the current tax bill, I am hopeful that the Senate will give consideration to it for I will welcome the opportunity to vote for House approval of such a Senate amendment to the 1942 tax bill.

#### EXTENSION OF REMARKS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the Record on three subjects and include therein certain excerpts.

The SPEAKER. Is there objection to the request of the gentleman from Texas? There was no objection.

The SPEAKER. Under a previous order of the House, the gentleman from Michigan, Mr. ENGEL, is recognized for 40 minutes.

#### THE NEW WAR DEPARTMENT BUILDING

Mr. ENGEL. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and include therein several letters written by the War Department and several tables, some compiled by me and some by the War Department.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. ENGEL. Mr. Speaker, on Tuesday, July 22, 1941, the War Department appeared before the Deficiency and War Department Subcommittees of the Appropriations Committee and requested an appropriation for \$35,000,000 to erect a second new permanent War Department building on the site known as Arlington Farms, a tract consisting of 67 acres which the War Department had acquired from the Agriculture Department. The War Department Subcommittee of the Appropriations Committee, of which I am a member, participated in the hearings which can be found on pages 500 to 513. Prior plans called for a temporary War Department building to be erected at a cost of \$6,500,000. The committee was informed definitely that the construction of this building and the necessary roads, grading, sidewalks, and so forth would not exceed \$35,000,000. The first new War Department building, recently completed at a cost of \$9,504,441, located on Virginia Avenue, was found to be too small.

On the basis of this testimony, the committee recommended that \$35,000,000 be appropriated for the construction of this building on the condition that the \$1,000,000 for paving a parking area be included in the amount. The committee report, under date of July 24, 1941, reads in part as follows:

The cost of the structure, including all incidental and appurtenant costs, is \$35,000,000. The committee was advised that in addition to this sum, approximately \$1,000,000 would be required for fill, grading, and paving a parking area for 10,000 automobiles. The committee has inserted a provision to

require the cost of the parking area to be included within the \$35,000,000.

The building would contain a gross area of 5,100,000 square feet. After deducting space devoted to corridors, cafeterias, files, etc., there would be available approximately 4,000,000 square feet of office space. It will house a personnel of 40,000 (100 square feet of net space per employee).

The report was adopted by the Congress and became therefore the action and mandate of the House of Representatives. Based on this report and argument that the cost would not exceed \$35,000,000 this House voted the appropriation.

Brigadier General—now Major General—Eugene Reybold, now Chief of Engineers, Brigadier General—now Lieutenant General—B. B. Somervell, Col. E. H. Housholder, and G. E. Bergstrom, architect, appeared and testified before the committee. I quote as follows from the testimony from pages 504 and 505:

Mr. WOODRUM. What will be the cost?

General SOMERVELL. \$35,000,000.

Mr. WOODRUM. How much will the cost be per square foot?

General SOMERVELL. Gross, about 5,100,000 square feet. The cost will be a little under \$7 per square foot.

Mr. WOODRUM. Will that complete the project, covering everything including the utilities?

General SOMERVELL. Yes, sir.

Mr. WOODRUM. Including the grading, sidewalks, streets, beautification, and so forth?

General SOMERVELL. Yes, sir; it does not include the parking area, which we have not been able to prepare estimates on.

Mr. LUDLOW. It includes the cost of the building complete, with the grading, sidewalks, and so forth?

General SOMERVELL. Yes, sir.

Continuing on page 508:

Mr. TABER. You say that you figure that 1,000,000 square feet of this would be for records and 4,000,000 for help?

General SOMERVELL. That is not quite correct, sir. There would be about a total of 5,100,000 gross, of which we figured about 4,000,000 for office space.

Mr. TABER. Four million for office space, and the rest for records?

General SOMERVELL. And the rest would be machinery space, halls, and other auxiliary spaces.

On page 513 General Somervell testified:

Mr. WOODRUM. There has got to be some filling done there?

General SOMERVELL. There has got to be a considerable amount of filling. Probably some of that \$35,000,000 can be squeezed in there. We will be glad to try that, on the understanding that you will permit us to come back.

Mr. WOODRUM. Would there be any additional costs to round out this project except what you have included here?

General SOMERVELL. No, sir.

Mr. TABER. What will be the additional cost for the roads and pavements along there?

General SOMERVELL. None, sir. I went over this with Mr. McDonald the other day, and this new road, the Richmond Road, and the treatment shown on the map, is already provided for in the plans of the Bureau of Public Roads. We have conformed to their layout.

Based on this testimony, the committee report, the arguments made and assurances given that the total cost would

not exceed \$35,000,000 the committee and the House abandoned the plans for a temporary building and voted to appropriate this amount for the erection of a first and second new permanent War Department building.

PROJECT WILL COST \$70,000,000 INSTEAD OF \$35,000,000

This project will cost \$70,000,000 completed, instead of \$35,000,000 presented to the committee. Progress Report of August 31, 1941, that the building will cost, completed, \$49,124,000. This does not include \$8,641,416 for parking access roads spent by the War Department; it does not include \$9,534,441 for rights-of-way, access roads, and so forth, by the Public Roads Administration; nor does it include \$2,377,416 for terracing and landscaping four items aggregate \$70,741,416, rather amazing that the Army Public Roads Administration spend \$20,547,457 of the taxpayer for parking lots, access roads, landscaping, and so forth, or that Lieutenant General Somervell of the War Department testified before the Committee and would cost a maximum of \$35,000,000.

I asked the Public Roads Administration for the amount of money which was made necessary for the new War Department Building figures given herein were furnished in answer to my letter. I ask such costs as were made necessary by the new War Department building by Thomas H. MacDonald, Co. in answering my letter wrote as follows:

All of the highway and bridge work of the Public Roads Administration directly to serve the new War Department building in Arlington County, Virginia, contract after competitive bids are a considerable number of them. It will require a few days to permit them to be completed in the form which you require.

A few days later I received information and I assume the bids were set forth as well as to the new building and necessary thereby. The District Engineer, however, contends that a portion of the amount was spent by the Division in straightening out ways and that part of the amount have been spent even though the Department building has not been erected.

I have also in my files showing the contractors and the cost of each Public Roads Administration contract, covering 24 bridges, concrete, and excavation of the Public Roads Division. The report shows the number of cars removed, the number of sacks of cement used, the number of tons of asphalt used and so forth.

CONTRACTOR

There were three principal contractors who took this job. John H. MacDonald, incorporated under the laws of Delaware, has a 60 per cent share of the contract; The Wise C

# APPENDIX TO THE CONGRESSIONAL RECORD

will throw back the mem-  
can people to the days when  
in the front line of our own

For many weary months  
nst the Italian invader, and  
t him to a standstill. They  
d upon their laurels when  
heir northern frontier, and  
a him. But the spirit of  
o bright that, despite the  
fought to the bitter end.  
t stands of their own heroic  
rove upon the defense they  
it Olympus, then at Ther-  
ally at the Aegean. The  
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lands. The gesture was the  
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mier, Emmanuel Tsouderos,  
in America, says that the  
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n their prey. How the King  
miracle. With the plans in  
his staff alternately hid in  
and scrambled across the  
e southern shore, where a  
m to Egypt. Such a trial,  
daunt the martial spirit of  
Near East he has been or-  
n of Greek troops, so that  
remain on the field of battle  
His and his country's sac-  
assurance of that victory.  
verrun, but it can never be  
ren swallowed in the con-  
e. On the shores of the  
ere in Europe there is a  
hat awaits only a second  
to a new and even fiercer

ork Times of June 12, 1942]  
KING OF GREECE

ge II of Greece has known  
xile. One of these periods  
om his country lasted a  
have heard of him living  
a gentleman of rather nar-  
know him best and most  
gallant leader of that gal-  
or 5 months beat back the  
4 or 5 times greater than  
ielded, its spirit still un-  
o the irresistible numbers  
n the north. In the first  
ineteenth century Ameri-  
ight be called a romantic  
iberation of Greece. The  
reece shone on the Greeks  
ghting for freedom. Since  
ne to know them face to  
ur fellow-citizens, orderly,  
elligent, friendly. Many  
us for a time and gone  
untry, with kind remem-  
most their other country.  
ghting still, wherever they  
ity and the tools. Their  
to procure them help from  
ernment.  
gladly given. The King's  
icken and enlarge Ameri-  
to his starving people.  
ent to mouth platitudes  
eople and forget that they

are dropping dead in the streets? Let us  
try to end this wholesale German murder by  
giving what we can to the Greek War Relief  
Association.

[From the Washington Post of June 16, 1942]

## STARVING GREEKS

In his address to the American Congress  
yesterday King George II, of the Hellenes,  
recalled that heroic page in recent history  
when the Greek people, under his leadership,  
proved themselves worthy of their magnif-  
icent heritage, and while fully aware of the  
misfortunes that awaited their country re-  
fused to bow the knee to the brutish ag-  
gressors. Today the heroic Greek people are  
literally starving by the hundreds. They  
need every bit of help they can get, and even  
the trickle of food that has managed to get  
through with the consent of the Axis has re-  
sulted in a saving of many lives. But much  
more remains to be done. That is why the  
campaign recently launched by the Greek  
War Relief Association for funds that will  
enable food shipments to be sent to Greece  
is deserving of the fullest support. Every  
dollar made available for that worthy pur-  
pose helps save the lives of an allied people  
who have made so great a contribution to  
the common cause.

[From the New York Herald Tribune of June  
18, 1942]

## WELCOMING THE KING OF GREECE

His Majesty King George II of Greece is  
welcome to this city in a dual capacity—as a  
man of courage and character who has done  
his best to serve the people of whom he is  
King, and as a representative of a nation to  
which every American owes at least two great  
debts—gratitude for the stamp which ancient  
Greece placed upon the thought of the  
modern world, our own included, and ad-  
miration for the magnificent and inspiring  
struggle which it put up against hopeless  
odds when the German barbarians crushed  
the little nation which had successfully re-  
pulsed the rapacious attack of its powerful  
Italian neighbor.

Of King George the man—quiet, self-effac-  
ing, modest, hard working—much has been  
written in recent years. Few monarchs of  
our day have been more worthy of the trust  
reposed in them. None has been so com-  
pletely free from those frivolities and selfish  
aims which have been all too common in  
Europe's royal families. In exile as in office,  
King George has sought no special privileges.  
There is a certain ironic justice, of the kind  
dear to the hearts of the early Greek dra-  
matists, in the fact that this man who today  
epitomizes the spirit of Hellas has not a drop  
of Greek blood in his veins. Here in itself is  
an answer to the grotesque Nazi pretense  
that blood and race govern national char-  
acteristics. As a matter of fact, the influence  
of the Greek spirit, modern as well as ancient,  
has made itself felt far beyond the places of  
Greek colonization or the peoples of Greek  
blood. Even in this horrible world war in  
which we are now all engulfed, the example  
of the Greek people in refusing to bow down  
to the brute force of the barbarian invaders  
has been one of the great forces mobilized  
against the Axis Powers.

King George, in his proclamation issued  
just before his departure from Crete, in-  
cluded two phrases which apply with as much  
pertinency now as then: "Have faith in final  
victory, for it will be yours," he said to his  
Cretian subjects, and added: "Yours has been  
a great honor because you are the last but  
glorious, and, with the grace of God, in-  
vincible bastion of Hellenism." No American  
today doubts the final outcome of the war  
and ultimate restoration of Greek freedom.  
The thoughtful ones are fully aware of—  
and deeply grateful for—the part which the  
invincible bastion of Hellenism has played in

making victory possible. They stand ready  
to do what they can to help Greece in its  
present sufferings, and in the settlement that  
will follow when defeat finally crushes the  
Axis gangsters.

## The Sales Tax Obsession

### EXTENSION OF REMARKS

OF

## HON. BENNETT CHAMP CLARK

OF MISSOURI

IN THE SENATE OF THE UNITED STATES

Thursday, June 18, 1942

Mr. CLARK of Missouri. Mr. Presi-  
dent, I ask unanimous consent to have  
printed in the Appendix of the RECORD  
an editorial appearing in the St. Louis  
Post-Dispatch of June 15, 1942, entitled  
"The Sales Tax Obsession."

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

### THE SALES TAX OBSESSION

When the House Ways and Means Commit-  
tee reached the cigarette tax item in its con-  
sideration of the Treasury's revenue program  
it found a proposal for increases that would  
yield an estimated \$188,600,000 in new funds  
toward the colossal amount needed to fight  
and win the war. The Treasury proposed that  
the present tax of 6½ cents per package on  
cigarettes be raised to 7 cents for the brands  
now selling at 10 cents, and to 8 cents for the  
15-cent brands.

Was there anything unreasonable about  
this? Not that the ordinary cigarette pur-  
chaser can see. He has been prepared for  
higher-priced smokes, just as he has been  
prepared for a higher income tax, and he  
would be perfectly willing to pay a half-cent  
or 1½ cents more per package as a minor con-  
tribution toward victory. Differentiating be-  
tween the two price ranges of cigarettes seems  
perfectly all right, too, since price is the basis  
on which virtually all other forms of taxation  
are levied.

The committee didn't see it that way, how-  
ever. It rejected the idea for two tax levels  
to correspond with the two price levels. It  
approved a flat increase to 7 cents a package,  
which it estimates will raise \$65,500,000 in  
new revenue. With that action, the commit-  
tee slashed \$123,100,000 out of the carefully  
prepared Treasury schedule.

That piece of mutilation is typical of what  
the committee has been doing to the whole  
Treasury program in the 104 days since it  
began its study.

The committee has hacked millions out of  
the Treasury's excess-profits tax estimates,  
the corporation tax schedules, the individual  
income-tax program (except where it drasti-  
cally stepped up the levy for the lowest brack-  
ets of taxpayers). It has rejected elimination  
of the tax-exemption privilege on public se-  
curities. It has cut out other proposals  
which would have raised many millions. It  
has reduced or dropped Treasury proposals  
for increases in excise taxes on beer, wine,  
gasoline, lubricating oil, and other products.

The result of all this carving is that the bill  
as it stands is far short of the \$8,700,000,000  
in new revenue for which the President asked  
and which the Treasury plan would have pro-  
vided. The bill, in fact, is some \$2,700,000,000  
short of that amount.

And what is the purpose of the committee's  
harsh treatment of the Treasury program?  
The purpose is becoming clearer every day;  
enactment of a Federal sales tax.

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If every other recourse has failed, the public will not complain over a sales tax on all its food, all its clothing, and everything else it buys. The public will accept this, just as it has accepted many other sacrifices, even though it will put a heavy burden on the low-paid groups and bear less severely on persons of larger income.

But every other recourse has not yet failed. The case for a sales tax has not yet been made. The committee is certainly not making such a case by its butchery of the Treasury revenue program. It is merely exposing itself as a group whose majority is so eager to enact this unfair levy that it is wrecking piecemeal the Treasury's scientifically drawn and nonpolitical schedules. This is being done, it is plain as can be, in order to get an excuse for putting a sales tax over on the people.

In fact, so obsessed is the committee with the sales-tax idea that members now are saying that the provisions it has already approved for individual and corporation taxes may be revised sharply downward, "especially if a sales tax were added to the bill."

Should not this committee be served with emphatic notice that the people do not want a sales tax saddled upon them by any such underhanded methods as this? Should not the public tell the committee to stop playing fast and loose with the Treasury program in order to foist its own pet theory of revenue raising upon the country?

Americans will pay their taxes willingly, as a patriotic duty, but they have the right to demand fair play in the adoption of those taxes.

### The Rio Grande Southern

#### EXTENSION OF REMARKS

OF

#### HON. EDWIN C. JOHNSON

OF COLORADO.

IN THE SENATE OF THE UNITED STATES

Thursday, June 18, 1942

Mr. JOHNSON of Colorado. Mr. President, last Sunday the Denver Post published an interesting story on the Rio Grande Southern, the so-called Galloping Goose Line, a little narrow-gauge railroad, 200 miles long, operating in the high mountain country of southwestern Colorado.

Leif Erickson, an able writer on the Associated staff at Denver, is the author. This story pays a well-deserved tribute to Elizabeth Pellet, "the wonder woman of the San Juan," who came to Washington last winter and arranged a loan from the Reconstruction Finance Corporation. This little railroad, neglected and shopworn, is making a mighty contribution to the war effort by hauling vital and critical ores out of the rugged mountain ranges of Colorado to the mills in the valleys below. This story is so challenging that I ask unanimous consent to have it printed in the Appendix of the RECORD.

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

**RIO GRANDE SOUTHERN PERFORMS MIRACLES ON MOUNTAIN LINE—FIFTY-YEAR-OLD COLORADO RAILROAD NEVER HAS HAD TRESTLE ACCIDENT DESPITE DIZZY HEIGHTS AND CANYON HUGGING NARROW-GAGE TRACKS**

RICO, COLO., June 15.—They call it the "Galloping Goose Line."

By any name, the Rio Grande Southern—50 years old and very much out-at-ties—is an amazing railroad.

Rio Grande Southern train crews daily work small miracles by running 40-ton locomotives and 12-car freights over dizzy mountain trestles and canyon clinging narrow-gage tracks.

Yet, in 50 years, the Southern never has had a trestle disaster.

The rolling stock includes 6 steam locomotives—all but one more than 40 years old—sixty-odd freight and gondola cars, and four powered railcars.

The railcars, literally automobiles mounted on flanged wheels, gave the Rio Grande Southern its nickname.

#### MAKE RUN IN LESS THAN 9 HOURS

Carrying six to eight passengers and up to 10,000 pounds of less-than-carload freight, the Galloping Goose cars run daily between Eldgway and Durango in 8 hours and 53 minutes—if there are no derailments, rock slides, snow slides, or track washouts.

The Galloping Goose ride is one of only two daily narrow-gauge passenger operations left in the Nation. On the Ophir Loop's timber trestles, stacked against San Miguel Canyon's rock walls, above 9,000 feet, you look down over an almost sheer drop of 1,500 feet to the canyon floor.

If it were only a passenger line it's questionable whether the Rio Grande Southern would still be running.

Over its ears in debt, the Rio Grande Southern was as good as dead a few months ago. Then Mrs. Elizabeth Pellet, the tenacious, resourceful wife of a Rico mining man, helped perform some sort of miracle in Washington.

#### DEFENDED ROAD IN WASHINGTON

Arguing that the Rio Grande Southern had to survive to haul war vital vanadium, zinc, and lead, Mrs. Pellet, State representative from Dolores County, stayed in Washington a month, patiently pushing her way through jams of priority hunters, until she got \$65,000 of Government money to keep the spectacular little road from folding up.

Now the Rio Grande Southern personnel—from Receiver Cass M. Herrington, General Manager C. W. Graebing, and Roadmaster Dick Murphy down through the section foreman—are working and worrying to get the track in shape for the road's heaviest hauling job since the panic of 1893 broke Otto Mears, the Southern's builder.

They will be carrying vanadium ore from Placerville and Dolores stock piles to the United States Vanadium Corporation's mill at Durango. The mill—to be in operation by August 15—is being created out of a gold and silver smelter abandoned 12 years ago. It will turn out vanadium concentrates, an A-1-A essential alloy for war steel.

#### CROSSES TWO HIGH MOUNTAIN RANGES

The Rio Grande Southern, running over 162 miles of main-line track between terminals 60 miles apart by crow line, crosses two of southwestern Colorado's highest mountain ranges, the San Miguel and the Uncompaghres. A 10-mile branch noses up to Telluride, one of the West's richest mining camps in output of gold and legend.

The Nation's longest surviving independent narrow-gauge line, the Southern connects at both ends with narrow-gauge branches of the Denver & Rio Grande Western, first builder of narrow-gauge track in the mountain West.

In receivership since 1929, the Rio Grande Southern during that time hasn't paid a dime of taxes to the five counties through which its tracks twist, from Durango to Ridgway, via Mancos, Dolores, Rico, Ophir, and Vance Junction. In 1939, the last time anyone computed the total, the aggregate tax delinquency was more than \$277,000.

The Interstate Commerce Commission threw up its hands in figurative horror at the

suggestion that it approve an application for a Reconstruction Finance Corporation loan.

But, through lease-lend authorizations, way was found for the Defense Supplies Corporation, Reconstruction Finance Corporation subsidiary, to purchase outright for \$61,000 all the road's rolling stock. The Rio Grande Southern leases back its equipment and agrees to pay, if it can, \$1,000 a month rental until the \$65,000 has been paid off.

Objections to the deal were swept aside by the fact that the remote territory served by the Rio Grande Southern contains material deposits of such critical materials—vanadium, lead, and zinc.

#### HIGHWAY COULDN'T SURVIVE TRAFFIC

The region's shelf highways just couldn't stand up under traffic of trucks loaded with ore. Busses don't attempt to parallel the Rio Grande Southern route.

"No track like that was built anywhere this country," says Arthur Ridgway, retired chief engineer of the Denver & Rio Grande Western, whose father and brother, Rob and J. H. Ridgway, built it for Otto Mears.

It's the job of Roadmaster Murphy and Cecil Rhodes, his bridge and building foreman, to keep the wooden trestles safe for ton ore carloads and the 40-ton engines. Trestle timbers must be replaced constantly as they age and weaken, and Rhodes must find the bad ones before it's too late.

Ties are Dick Murphy's particular problem and headache.

Right now, broken tie ends pop up over the narrow rails in discouraging numbers.

The steam locomotives pitch and lurch, tugboats puffing over the spongy track and 10 miles an hour, the top speed for Rio Grande Southern steam power.

#### FORTY THOUSAND TIES NEED REPLACING A YEAR

Receiver Herrington says he ought to place 30,000 to 40,000 of the road's 527 ties each year.

In 1939 he put in 65,000 new ones, and Rio Grande Southern had its best operating year of a decade in 1940. But last year Montezuma Lumber Co.'s sawmill, source of Rio Grande Southern's ties, and one of the road's biggest shippers, burned down. Mill is being rebuilt.

With \$50,000 in Federal money left, Herrington estimates that Murphy's track gang will have to put in at least 45,000 ties a year for the next 3 years to catch up. And the draft and mine work expansion, D having a time getting track workers a cents an hour, the best wage Rio Grande Southern can afford.

### Address by the Secretary of Commerce at Dedication of Technological Institute, Northwestern University

#### EXTENSION OF REMARKS

OF

#### HON. SCOTT W. LUCAS

OF ILLINOIS

IN THE SENATE OF THE UNITED STATES

Monday, June 22 (legislative day Thursday, June 18), 1942

Mr. LUCAS. Mr. President, I unanimous consent to have inserted the Appendix of the RECORD the address delivered by Hon. Jesse H. Jones, Secretary of Commerce, on the occasion of dedication of the Technological Institute of Northwestern University, Chicago on June 16, 1942.



Done

## A2758 1942 APPENDIX TO THE CONGRESSIONAL RECORD

generation has been poisoned, not by hashish, but by the beliefs of what we call nazism. Hitler did not create this state of mind—he only cultivated, as it were, a field already sown. He only led and improved a force already existing in Germany, that is, a will to conquer the world, and that will sharpened by the desire for revenge. Although an Austrian, he became the prophet of the Prussianism which means eternal war and like the Old Man of the Mountain, he promises his followers the delights of conquest and the plunder of rich peoples and cities.

These Germans just captured by the Federal Bureau of Investigation came to dynamite and murder. If successful the Nazis promised them high rank and fabulous riches. They are modern editions of the disciples of the Old Man of the Mountain.

There were once gentler Germans. The immigrants who arrived in this country before 1870 became our best citizens. They had not been infected by these new doctrines—they represented the people of South Germany or the Rhine country, Hannover, and Saxony, and other non-Prussian states, or if Prussians, had come here as fugitive revolutionists or refugees seeking asylum from the oppression of the military junker rulers of Prussia.

I could give almost countless examples from the writings of German statesmen and writers since 1870, showing the will to conquer other nations. The following quotation from a well-known German author, Otto Richard Tannenber, condenses their thought:

His book was published in 1911. A verse at the commencement ends "It is the right of the Germans to gain territories with the sword. We are of the race of the God of the Ax and we wish to conquer his universal Empire." The author regrets that at the time of the migration of peoples the Germans had not been united so that the frontiers of Europe would be the frontiers of Germany and German civilization, the civilization of the entire world "but the old days are far away and the times assign us a new task. We are 87,000,000 of German race on our continent. Our country is the most populous, the best organized. A new era commences. We shall fight and we shall win."

Do you remember that picture called the Conquerors? Under a leaden sky the conquerors of history, Alexander and Caesar and Attila and Cambyses and Napoleon and Genghis Khan and all the others who from time to time have devastated the earth by their dreams of world conquest are riding together while on each side of them, stretching into illimitable distance, are the stark and pallid bodies of the dead?

Not one of the conquerors, not one of these slayers of men, not one of these who loosed on the earth the four horsemen of war, famine, pestilence, and death caused such misery as have the drugged followers of Hitler and the Germans of today.

In this Nazi Germany children have been taught to despise their mothers, taught to denounce their fathers to the authorities. The whole younger generation have been told that they are the lords of the earth and that all nations are inferior and destined to be mere servants of the master German race. The inflicting of the death penalty on others is a mere incident to those who rounded up successively 50,000 Jews in a great square in Poland and swept the writhing mass with machine-gun fire.

No peace, however generous, no bland offer of universal brotherhood can reform the cruel young Nazis overnight. They have bullied and whipped, plundered and murdered in cold blood. I do not believe that the passing

of years can change them. That they exist, they and the Gestapo, impels us to court death rather than suffer defeat and submission under these successors to the disciples of the Old Man of the Mountain.

After this war is over it will be hard to find a Jew in all occupied Russia. The hangman, the machine gun, and starvation will have done their work.

My friend, Walter Rathenau, Jew foreign minister of the Weimar Republic, was assassinated in the street in Berlin by doctrine-drunk youths and later monuments to his slayers were erected without criticism. There were more than 350 political murders in a short time following the establishment of the republic after the last war. I don't believe that even the Old Man of the Mountain equaled this record.

And yet we hear piping, squeaking voices both here and in England saying that the German people are not responsible, that their leaders led them astray.

The Germans had read Hitler's book. They knew what he proposed and they voted for him by the million.

Our immediate task is to win the war—not an easy one against the efficient Nazis and the Japanese, who have behind them a tradition of suicidal devotion to duty.

Have you seen pictures of that monument in Tokyo erected in memory of a squad of Japanese who deliberately courted death to blow up a gate?

We shall have few, if any, Japanese prisoners.

The Nazis do not merely defeat; they destroy—destroy as utterly as the grasshoppers which devastate the fields of our West. Look at the condition of France; not only the men kept prisoners long after the surrender but industries, factories, machinery seized and moved to Germany. An American friend of mine owns a villa in France. Soon after our declaration of war German trucks rolled up to the door and wines, pictures, tapestries, furniture went to Germany to adorn the palace of some Nazi gaulleiter. Winner take all is the Nazi motto.

The lesson for us from all this is twofold: First, we must at last appreciate our grave danger—the danger to all that we hold dear—the danger from this Prussianized Germany that seeks to rule all. Our soil is invaded; our coasts are infested. We are not safe behind our oceans; and

Second, we must realize that the base and foundation of our defense against these dangers is unity, and the darker the picture, the greater the need for unity. Expect no mercy from the Germans and the Japanese; the poor corrupt fools who led France hoped for mercy—for aid; look at broken starving France today; and unity means administration for the interest of all.

How can we call on the United Nations to unite, to stand firm, to oppose, to fight this danger if we ourselves in these United States are not wholeheartedly united? I believe that we are so today. Those who honestly believed that we could stand aside behind our 3,000 miles of ocean and bypass the conquering march of Germany now, after Pearl Harbor, after the sinking of 300 ships, many in sight of the bathers on our shores, are now just as honestly with our President—our President, who early sensed the peril and at whose efficient command within a few months 5,000,000 men have been armed and are ready to back our splendid Navy, which our President himself helped create. In the defense not only of civilization but of our very shores and homes.

Hitler, from his mountain nest high above Berchtesgaden, in the Bavarian Alps, reincarnates the Old Man of the Mountain, with the addition of an elevator. He sends forth his followers to kill innocent Jews by the thou-

sands, shooting them in droves by machine-gun fire. He kills thousands of Poles; in the streets of Athens men fall dead for want of food; one million and a half French prisoners of war work for him and bitterly regret that they listened to those Communist sowers of dissension who counseled them not to fight for their fatherland. In many lands horrors and oppression exist as never before in all history—the walls of the little starving children, of the women, whose innocent husbands or fathers are shot as so-called hostages, fill the air. There have been darker hours in our history. But remember that every one of us here is descended from those who had the courage to face the sea and the unknown. We shall not fail and the United Free Nations will see to it that this modern man of the mountain and his mad disciples shall not enslave our world.

### Why a Retail Sales Tax Should Not Be Adopted by the Congress

#### EXTENSION OF REMARKS

OF

#### HON. JOHN J. COCHRAN

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1942

Mr. COCHRAN. Mr. Speaker, under leave to extend my remarks, I include the following, which is the text of an address by Hon. RICHARD M. DUNCAN, of Missouri, made during the National Radio Forum, arranged by the Washington Star, and broadcast over the Blue Network Monday night, July 13, 1942:

For more than 4 months the Ways and Means Committee has been laboring almost day and night on the revenue bill for 1942.

In its present form, it is estimated that it will raise in excess of \$23,000,000,000, \$6,250,000,000 more than last year, the largest revenue measure in all the world's history.

During its consideration there has been much discussion by members of the committee, by the newspapers, the columnists and the public generally, of some form of sales tax, particularly a retail sales tax.

Many large taxpayers, both corporate and individual, vigorously advocated such a tax, believing its adoption would prevent a steep increase in their income taxes. This was an erroneous assumption, as I shall prove later.

Twenty-two States have adopted a sales tax of some form. However, the great majority of them are retail sales taxes.

For the purpose of this discussion tonight, I think we may eliminate the manufacturers' sales tax, as it admittedly would produce a very small amount of money, and confine the discussion to a national retail sales tax.

The revenue bill as it now stands does not contain any provision for a sales tax except excise taxes.

I am opposed to a retail sales tax for numerous reasons but will discuss briefly only four:

1. It is an invasion of the field which has been preempted, to a very large degree, by the States, although neither the States nor the Federal Government have shown much inclination to respect the fields of taxation which each has invaded. The principle to me, nevertheless, remains, and should be respected, as far as it is possible to do so.

We are fighting today to preserve our form of government and we must respect that form



of government itself and not weaken it more than is absolutely essential.

The States are today facing the most serious problem with respect to revenues they have ever faced because such a large percentage of our economy is being devoted to the war purpose.

During the first World War approximately 10 percent of our economy was devoted to the war purpose, whereas within a short time approximately 60 percent of our economy will be devoted to the present war purposes.

It is also true that the States generally must keep within their budgets; they face a greater difficulty in deficit financing than does the Federal Government. Their deficits must be met usually by taxation or by bond issues approved by the people. It is also true that the proceeds from a sales tax in many States is used for old-age pensions and other direct benefits to the people—such as the maintenance of public schools and other State institutions. This load has very definitely not been lessened because of the war but in many instances increased.

2. A sales tax falls most heavily upon those least able to pay. To many people this argument does not appeal. They say that all persons should contribute something to the maintenance of their Government. My answer is that they do. Even under the present law it is estimated that a married couple with an income of \$1,500 pays approximately \$250 a year in Federal, State, and local taxes in various forms and ways.

Under the proposed revenue bill the exemptions have been reduced to \$500 for single persons and \$1,200 for married persons, and the proposed rates will impose upon them the heaviest burden that the American people have ever been asked to bear, greater than they ever conceived they would be asked to bear—the small, the medium, and the big incomes alike are taxed very heavily, and it seems to me that to superimpose a sales tax of 5 percent, which is the amount usually discussed, upon every commodity that all the people consume, upon their already very high taxes, would be an unfair and unjust burden, particularly upon the lower income groups whose income is practically all consumed in acquiring the necessities of life.

It has been estimated that persons in the very low income brackets pay as much as 65 percent of their income for the very commodities upon which a sales tax would be imposed, whereas those in the higher brackets spend a comparatively small percentage of their income for such things. Therefore, the statement that the tax falls most heavily upon those least able to pay.

Some of the States have rates of 3 percent, and an additional 5-percent Federal tax, taking 8 percent out of every dollar the housewife takes to the grocery store, would be a terrific financial burden, and that would be particularly true with respect to small purchases. It would drive from the market practically all such commodities as penny candy bars and many other things in the very low-cost field. A 5-percent sales tax would result in a 12½-percent tax on an 8-cent loaf of bread because we have no medium of exchange smaller than a penny and we are not likely, during times like these, with a shortage of metal, to coin such smaller pieces.

3. Earlier in this discussion I stated to you that I would prove that such a tax would not prevent a steep increase in corporate and individual tax rates. The Treasury Department recommended to the Congress an increase of \$8,700,000,000 in 1942. A 5-percent retail tax would produce a comparatively small amount of money. In no event would it likely exceed \$2,400,000,000. That is a small amount of money compared to \$8,700,000,000, or even \$6,250,000,000, which the committee has finally recommended.

If we remove from the base upon which the tax would be levied, the commodities now subject to excise taxes, producing nearly \$4,700,000,000, the amount we would receive would be reduced to \$1,700,000,000, and if we reduce the base still further by exempting food and medicine, which we look upon as the very essentials of life, the amount would be still further reduced to approximately \$825,000,000, and certainly it would not be either economically sound or equitable to superimpose a retail-sales tax upon commodities which already bear, in some instances, 15-percent excise taxes.

The early advocates of a sales tax in most instances apparently failed to take into consideration that almost 60 percent of our economy is being devoted to the war purpose; that we are now, so far as consumable commodities are concerned, practically at the 1935 level, and by early 1943 it is likely that we shall have reached the level of 1932, so the receipts from a sales tax upon our consumable commodities would decline as these commodities become scarcer. It would take approximately 15 percent on everything from bread to booze to produce the amount of additional revenue the committee has recommended in the bill. I believe that is the answer to those who advocate raising the additional amount of money from a national retail sales tax.

My fourth objection is based upon the problem of administration. There are approximately 2,650,000 retail outlets in the United States which would have to be checked by the representatives of the Bureau of Internal Revenue—every crossroad store and every peanut stand. The representatives of the Bureau estimated, when they were before the committee, that it would require an additional fifteen to eighteen thousand people to administer the tax. It would require a great deal of office space, typewriters, calculating machines, and other equipment now so scarce and so much needed in the war effort itself. The expense would run into millions.

We who have lived with the problem of taxation for a good many years realize just how difficult it is to get rid of a tax once it has been imposed. Ways are always found, apparently, to use every dollar of the revenue and need is always an argument against the repeal of any tax.

We also realize the great difficulty of reducing personnel in any department or bureau of the Government once it has been built up.

The expense of administering such a tax would definitely run into the millions of dollars.

At this time none of us knows how long this war will last. We are not merely only fighting to preserve our form of government, but also are fighting to preserve the very land upon which we live, and the homes in which we are raising our families. We are fighting for the right to live as free men and women. Modern war is destructive and expensive beyond the comprehension of most of us. Whatever the cost of preserving our liberty we are willing to pay. We must, however, preserve as far as it is humanly possible to do so our normal economy. We will win the war. In doing so we must ever keep our minds upon the problem of winning the peace when victory is ours. That is the problem of the people and of the Government, and of the representatives of the people in that government. Our tax burden unquestionably will be increased as the war goes on. I have been one of those who have urged that we must approach the final amount gradually and not destroy our normal economy on the way to the top. An opportunity must be given to adjust ourselves to the burdens we will gladly bear in the preservation of all that is dear to us.

## New Deal Alibi

### EXTENSION OF REMARKS

OF

## HON. FOREST A. HARNES

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 15, 1942

Mr. HARNES. Mr. Speaker, under leave to extend my remarks in the RECORD, I want to call attention to the speech of Hon. Henry F. Schricker, Governor of Indiana, which was placed in the RECORD of July 14 by my esteemed colleague, Hon. WILLIAM H. LARRABEE.

The speech was Governor Schricker's keynote address delivered to the Indiana Democratic State Convention held recently in Indianapolis. This address, I think it is fair to assume, sounded the theme of the Governor's party for the coming election campaign.

I want, in this connection, to comment upon the Governor's quotation from a speech I made at Wabash, Ind., on February 12, 1940, and to include editorial comment from the Indianapolis Star and the Indianapolis News, issues of July 2.

The quotation borrowed, completely out of context, was, "Please let's avoid hysteria in the matter of defense appropriations. Let's be sensible and reasonable in remembering that we aren't going to fight a war on foreign soil."

To show just how completely out of context, and how completely misleading was the Governor's usage, let me quote the entire paragraph of my speech from which the Governor took the quoted sentences:

"Above everything else, let us look to our national defenses. I think I express the desire of every true American when I say that I want to see America made and kept so nearly unrecognizable that no nation or group of nations will dare to involve us. But please let's avoid hysteria in the matter of defense appropriations. Let's be sensible and reasonable in remembering that we aren't going to fight a war on foreign soil. Let's direct our foreign policy so that fact stands out unmistakably, and then build our Army and Navy for that purpose."

The Governor not only tortured and distorted my meaning by lifting his quotation entirely out of context, he actually went to the extreme of clipping both of the sentences he used.

The full paragraph, standing alone, needs no defense nor explanation. The Governor's usage appears the more labored, however, as it is examined against the general theme of the speech from which he borrowed. Even then, in February of 1940, I was urging national unity and a prompt development of adequate armed strength. At this same time, and later in the year of 1940, during the fall campaign, both Governor Schricker and his "matchless leader," President Roosevelt, were promising the American people that American soldiers would not be sent into any foreign wars.

is that the bill as now drawn could be used to do exactly that. It makes it possible for resentful politicians in Government office to so construe the law that newspapers and reporters could be fined and imprisoned for printing anything not approved by the administration—in brief, completely terrorized.

The potentialities for evil in such a situation are hard to exaggerate. The bill pushes censorship far beyond anything ever attempted before and gives to Government officials a power they clearly should not have. It is reassuring that Chairman VAN NUYS, of the Senate Judiciary Committee, appears to appreciate that and has declared his committee will go over the measure "with a fine tooth comb." It needs to be. It is not surprising the proposal has given rise in Washington, where everything is paraphrased, to the saying "Biddling while Rome burns." And it is rather baffling to have Mr. Biddle, who sent the bill to the Senate with a covering letter explaining its provisions, now say he knows practically nothing about it.

### Why Fool the People?

#### EXTENSION OF REMARKS

OF

### HON. EDWIN ARTHUR HALL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, February 24, 1942

Mr. EDWIN ARTHUR HALL. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following editorial from the Oxford (N. Y.) Review-Times:

#### WHY FOOL THE PEOPLE?

All realize that higher taxes are an unavoidable necessity. But no existing tax should be increased, and no new tax should be imposed, without the most careful analysis of its justice and its effect upon the producers and workers of the country.

At this time there is considerable agitation for heavy increases in social-security taxes as a means of helping finance defense. In the opinion of many an economist and public official, that would be extremely dangerous. As Senator VANDENBERG said, "The proposal to raid social-security pay-roll taxes for the benefit of the general Treasury is unsound, unwise, and a potential breach of trust. It would be an unethical departure from sound practice. When we leave sound fiscal ground in this emergency, we are off into the 'no-man's land' of disaster."

The wise course would be the imposition of straight war and defense taxes which involve no subterfuge and no deception. The social-security taxes were never designed to produce revenue for all purposes. They are, instead, special taxes, levied against employer and employee, to give a measure of unemployment aid and old-age security to workers. In other words, they are a form of insurance.

The American people are fully aware of the need for higher taxes. But they don't want camouflaged levies. Congress' duty now is two-fold—first, the maximum possible reduction in nondefense spending in all fields, no matter whose toes are stepped on; second, a war-tax bill which will raise directly and without deception the additional revenue the Treasury must have. A sound fiscal policy is as much a part of war as great armies and navies.

### Some Good Advice From Maj. George Fielding Eliot

#### EXTENSION OF REMARKS

OF

### HON. JERRY VOORHIS

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, February 23, 1942

Mr. VOORHIS of California. Mr. Speaker, probably if any Member of Congress could be allowed to decide what two things he would rather see the armed forces of our country do than anything else, he would say, "Relieve the heroic defenders of Bataan Peninsula under General MacArthur and make certain the defense of the shore lines of our own Nation against any sort of attack."

But the Members of Congress cannot, in the very nature of the case, have access to the knowledge of the military situation upon which the decisions must be made. Nor are they trained military strategists.

Congress has got to do its job the very best it can. The military job can only be done by our Army and Navy. That job is to win the war—the whole war. And Members of Congress will do well to mark well what Maj. George Fielding Eliot has to say in the following article from the Toledo Blade about possible effects of congressional speeches on the problem faced by our military leaders:

ILL-CONSIDERED TALK WEAPON FOR FOES, BLADE EXPERT SAYS—PUBLIC MEN SHOULD GUARD THEIR WORDS ABOUT OUR ARMED SERVICES AND NOT AID ENEMY, ELIOT DECLARES

(By Maj. George Fielding Eliot)

NEW YORK, February 19.—The pressure of bad news is bringing forth the usual outbursts of loose talk from our public men. Ill-considered or ill-informed expressions of opinion by those who possess to any degree the public ear or the public confidence are regrettable in time of peace; in time of war, they are positively dangerous, especially when they take the form of urging a specific military operation, or specific disposition of our armed forces.

One Senator, for example, wants to send an expedition to rescue MacArthur. So do we all. Nothing would be likely to make a greater popular appeal, and many citizens are likely to think that a Senator who urges such a step must know what he is talking about, and that the Government is deliberately leaving MacArthur to perish when he might be saved.

It may be worth while to point out, therefore, that a direct and immediate movement of troops to the Philippines is hardly possible. It is estimated that the Japanese have 200,000 men in Luzon. For us to send half that number there, with all the heavy equipment and supplies of a modern army, would require 800,000 tons of merchant shipping, which means about 160 ordinary size merchant ships.

#### FOUR-THOUSAND-EIGHT-HUNDRED-MILE RUN

From Pearl Harbor to Manila is 4,800 miles, or about 400 hours steaming at the speed that such a convoy could be expected to make. For approximately three-fourths of this time the convoy would be within the radius of action of every enemy aircraft stationed in their scattered island bases; during the whole of its passage it would be subject to attack by

enemy surface vessels and submarines. It would require the whole of the United States Pacific Fleet to escort it and even then its safety could not be assured from attacks by day and night, desperately driven home with no thought but to get bomber torpedo hits on the troop ships.

There would be no means of giving the convoy air protection except by the use of carrier-borne aircraft and considering the enormous area of sea which such a convoy would cover, it would be absolutely impossible for the 24 squadrons, which form the total of our carrier-borne strength, to give continuous protection to such a vast assemblage of ships—day and night and for over 2 weeks—even if those squadrons were all fighters. And if they were all fighters, our carriers would have no bombers with which to strike back at the Japanese ships or island bases.

We need hardly proceed further with this examination, since the convoy hardly would get any farther. It would represent simply a holocaust of the flower of American youth, to say nothing of throwing away 800,000 tons of shipping at a moment when every ton of such shipping is almost worth its weight in gold.

#### NEED AIR SUPPORT

We have had to learn the hard way that no movement of ships or troops on the surface of the earth, whether by land or sea, can hope to succeed unless it can be given adequate air support. Air support means not only planes but bases—whether land bases or floating bases. Until we are ready with the air element to support any surface enterprise we had better not undertake the surface enterprise. The loss of the *Prince of Wales* and *Repulse* should be a sufficient reminder on this point; we need not throw away 100,000 American troops to have it further demonstrated to us.

But now, another Senator is taking still a different point of view. He is talking about the possible need of bringing back our fleet to defend our shores from attack. He does not say from what sort of attack; so far the attack with which we have been even menaced is a possible stray shell from the main caliber gun of an enemy submarine. That is nothing of course, to prevent the enemy from sending an aircraft carrier to make a sneak raid on one of our coastal cities. That probably would result in the loss of the carrier but it also probably would result in some damage and loss of life at the point attacked.

The enemy has refrained from doing this so far, presumably because his very intelligent psychologists have advised him that nothing would be more likely to wipe out the last traces of placency and lethargy and arouse the American people to a pitch of fighting fury which would be immensely beneficial to the quality of the American effort.

#### REQUIRES PREPARATION

However, if the enemy should come here, on an authority no less eminent than that of the chairman of the Naval Committee of the Senate, that such a move might result in the American Fleet being called home for coast defense, the short-range military advantages of hit-and-run attacks on our coast seem more attractive than the long-range psychological disadvantages.

In other words, if the Senator really wants to keep Boston, or Philadelphia, or Los Angeles from being bombed, he would well not to suggest to the enemy that he would result in a dislocation of our grand strategy and the abandonment of operations of great magnitude about which our enemies are doing a great deal of rying at this present moment.

Let no American citizen suppose that the Navy is not extremely busy, or that

do not want. A strike would tie up the meat supply thereby of Detroit. Your efforts on our behalf to prevent this catastrophe are urgently solicited.

DETROIT LIVESTOCK ASSOCIATION,  
J. J. KIDDON, *President*.  
W. J. CHAMBERS, *Secretary*.  
BISHOP, HAMMOND & Co.,  
RIDLEY & MARSHALL,  
MICHIGAN LIVESTOCK EXCHANGE.

### Tax Commission of the State of Washington Opposes Federal Retail Sales Tax Law

#### EXTENSION OF REMARKS

OF

**HON. JOHN M. COFFEE**

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, February 3, 1942*

Mr. COFFEE of Washington. Mr. Speaker, because I believe the subject matter to be very pertinent, and because I believe the letter sent me by the chairman of the tax commission of my own State contains factual data and persuasive arguments which are enlightening to all who read them, I am including herein a letter which tersely and effectively indicts the proposal for the Federal enactment of sales taxes, the reading of which analysis I recommend to all who are concerned by the tax problem.

The letter is as follows:

STATE OF WASHINGTON TAX COMMISSION,  
*Olympia, January 23, 1942.*  
HON. JOHN M. COFFEE,  
*House Office Building,*  
*Washington, D. C.*

DEAR MR. COFFEE: Press reports indicate that various Members of Congress are considering the advisability of enacting a Federal retail sales tax law. Our State is somewhat concerned, fearing that the idea may become a reality.

You are no doubt familiar in a general way, at least, with the various excise taxes imposed by the State of Washington, starting with a business and occupation tax in 1933, which extended to practically all businesses, including that of retailing, upon which the tax amounted to one-half of 1 percent of gross sales. This law was repealed as of May 1, 1935, and in lieu thereof there was enacted the Revenue Act of 1935, which, as now amended and in force, imposes upon purchasers a 3-percent retail sales tax, and in addition thereto imposes upon retail sellers a tax of one-fourth of 1 percent of gross sales.

We have now had 8½ years of experience in the administration of sales-tax laws, and have thus gained considerable knowledge concerning their practical operations from the standpoint of both the State and the taxpayer. Irrespective of the merits or demerits of a sales tax in the State's revenue structure, we are faced with the fact that the State of Washington has such a tax; that it is a major source of revenue; and that it will probably continue for some time to come.

We do not believe it advisable for the Federal Government to invade this field, for several reasons, for instance:

We doubt the ability of Federal authorities to administer such a law equitably. Not that they are less competent than State administrators, but because of the necessity of final centralized authority being far distant from

the origin of problems that will arise, and also because of the great diversity of economic conditions in the several States.

Some 22 States now depend, in considerable degree, upon revenue from retail sales. These laws all differ one from the other, but do not conflict as to jurisdiction. Any Federal law would, at best, square with a similar law of only 1 State. Neither tax administrators nor lawyers always think alike, hence rules of procedure and interpretations as to the application of the law made by a Federal authority would, in many cases, differ from those of a State authority made under identical facts. This would confuse taxpayers and bring about contempt for the law.

Any law that the Government might adopt would undoubtedly, through pressure-group influence, contain either numerous exemptions in respect to the purchase of various kinds of commodities or varying rates between different articles. We have had experience with both of these situations. Selective exemptions and rates, in our opinion, create conditions, above all others, that provoke insurmountable difficulties not only for the administrator but particularly for the tax-collecting and taxpaying merchant. Good will of the merchant is essential to the successful operation of a retail sales tax.

Lastly, we believe that the proposed Federal tax would not be willingly accepted by the public—would create disrespect for our long existing tax laws and would undoubtedly materially decrease the revenue of our State.

We are not unmindful of the Government's revenue requirements nor do we desire to have you take any action inimicable to our war effort or embarrassing to the administration. We do not presume to volunteer advice to those charged with the raising of public revenue, as to specific sources best available for such revenue. We do, however, earnestly urge a most thorough investigation of those sources before entering a field upon which many of the States now depend for essential income.

A similar letter is being mailed to each member of our congressional delegation.

Very truly yours,

TAX COMMISSION OF THE  
STATE OF WASHINGTON,  
T. M. JENNER, *Chairman*.

### Defeat in the Pacific

#### EXTENSION OF REMARKS

OF

**HON. WARD JOHNSON**

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

*Tuesday, February 3, 1942*

Mr. JOHNSON of California. Mr. Speaker, every citizen interested in the welfare of our Nation and the continuance of the American way of life is asking questions these days regarding the attack on Pearl Harbor, and a threatened attack by the Japanese on our Pacific coast has made our people living there especially alert to the situation.

It is well that we Members of Congress have as complete information as possible as to what those people are thinking about during these times.

I am, therefore, submitting an editorial that appeared in the Long Beach Independent of Long Beach, Calif., on Sunday, January 25, 1942, entitled "Defeat in the Pacific," which according to information reaching me very directly states the vital questions being asked by

our people on the Pacific coast at this time. The editorial follows:

#### DEFEAT IN THE PACIFIC

Americans are learning the taste of defeat. Our reverses started with Pearl Harbor and for nearly 2 months they have continued unabated. Our Army and Navy was caught at a time when both were fast asleep. We are asked to "Remember Pearl Harbor." How could we ever forget it? We will remember it not so much as the scene of a dastardly attack based on perfidy and deceit but rather as a shameful exposure of our negligence. The attack was to be expected and both the Army and Navy were supposed to have been prepared for exactly the kind of attack that occurred. We know what happened, in part, but there is a growing conviction that even yet we haven't been given the whole truth.

The days, the weeks, and the months march on and only the heroic episode of Wake Island and the defense of the Philippines by Gen. Douglas MacArthur are bright spots in the gloomy outlook. Even they are but evidences of failure on the part of those whose responsibility to the American people was to see to it that the Pacific outposts were protected. To lessen the results of the failures men died valiantly for their country and their blood is on the hands of those who prate empty words of things to come and then do nothing about it.

The key to the Pacific struggle, the fate of Singapore, the great naval base, hangs in the balance and the future looks dark indeed. If Singapore falls what then?

By land, by sea and by air, the implacable enemy extends his hold and the British fall back and only the indomitable Dutch stand and deliver the blows that stand between us and disaster. As for us we haven't even yet met the enemy in force with the exception of MacArthur's glorious stand.

Why were not the fleets of planes, the guns, and tanks, we were told rolled off the production line in 1940-41, moved to these strategic outposts in sufficient quantities? Do we have them? The Truman report to the Senate says we do not. Does this mean we were lied to in 1941? And now, the Government censors all production figures and no one knows whether we are delivering the goods to our hard-pressed fighting forces. Will we be lied to about this? Will the censorship cover up more blunders and more stupidities? Will we continue to tolerate the bickering of the huge monopolies concerned only with how much money they can make while our boys, smashed to bloody bits fall at Bataan and elsewhere? If anything is done we must do it and the time is terribly short.

Who is responsible for the confusion, the delay, the errors piled upon errors that have marked our every step? Where else can responsibility rest but upon the shoulders of those whom we placed in positions of power to see to these things? The colossal blunder of the Office of Production Management has cost us what in lives and money? Who will punish the traitors who lurk behind every word of the Truman report on our war production? Who will fix the responsibility and demand that penalties be exacted for the shocking revelation of the Vinson report on war profits? Both our Senate and House have pulled away the curtain and we see the shameful failures fully exposed. Are these things brought about by a handful of men, greedy for gold, greater than the will of 130,000,000 Americans for victory?

Again, a decision must be made, and it cannot be made in Washington, for Washington too often has failed. This decision must be made by the people in every State in every hamlet and city, and upon every farm. That decision must be to demand a leadership that acts decisively in the war crisis, that confusion end, and that profit go. This much we owe to those who die