

of which are annual savings—Senate Committee on Appropriations, hearings on independent offices appropriations, 1956, pages 157–158.

The General Services Administration stated clearly that surveys by such private firms in records management of Government agencies should supplement and not supersede the central program direction and continuing staff work by the General Services Administration—Senate Committee on Appropriations, hearings on the supplemental appropriation bill, 1955, page 936. By judicious and firm central direction by the General Services Administration, the savings in records management can be very large.

SPECIAL ORDER

The SPEAKER. Under previous order of the House the gentleman from Illinois [Mr. O'HARA] is recognized for 30 minutes.

Mr. O'HARA of Illinois. Mr. Speaker, I ask unanimous consent to revise and extend my remarks, and I further ask unanimous consent that the gentleman from Ohio [Mr. FEIGHAN] be permitted to extend his remarks following mine.

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

There was no objection.

[Mr. O'HARA of Illinois addressed the House. His remarks and those of Mr. FEIGHAN will appear in the RECORD hereafter.]

SECTION 1032 OF THE INTERNAL REVENUE CODE OF 1954

(Mr. MILLS asked and was given permission to address the House for 10 minutes.)

Mr. MILLS. Mr. Speaker, early this spring it came to my attention that the tax services and commercial publications were advertising as a loophole a section of the Internal Revenue Code of 1954 about which I had long had misgivings. That section is section 1032 which provides as follows:

(a) Nonrecognition of Gain or Loss: No gain or loss shall be recognized to a corporation on the receipt of money or other property in exchange for stock (including treasury stock) of such corporation.

(b) Basis: For basis of property acquired by a corporation in certain exchanges for its stock, see section 362.

The terms of this provision operate to permit corporations who trade in their own stock for a profit to escape taxation on the gains derived from such activity. The only offsetting liability imposed for this generosity is the denial of any losses incurred from such activity.

The issuance of stock by a corporation has never been treated for tax purposes as an event giving rise to the recognition of taxable gain or deductible loss for the sound reason that the proceeds of such transactions produce capital and do not give rise to income. However, until the enactment of section 1032 of the Internal Revenue Code of 1954 Treasury stock had always been dealt with by Treasury regulations interpreting the general pro-

visions of the law defining gross income. These regulations which, with minor changes, date from May 2, 1934—Treasury Decision 4430, XII-1 C. B. 36—provide as follows:

Section 39.22 (a)—15: Acquisition or disposition by a corporation of its own capital stock. (a) Whether the acquisition or disposition by a corporation of shares of its own capital stock gives rise to taxable gain or deductible loss depends upon the real nature of the transaction, which is to be ascertained from all its facts and circumstances. The receipt by a corporation of the subscription price of shares of its capital stock upon their original issuance gives rise to neither taxable gain nor deductible loss, whether the subscription or issue price be in excess of, or less than, the par or stated value of such stock.

(b) However, if a corporation deals in its own shares as it might in the shares of another corporation, the resulting gain or loss is to be computed in the same manner as though the corporation were dealing in the shares of another. So also if the corporation receives its own stock as consideration upon the sale of property by it, or in satisfaction of indebtedness to it, the gain or loss resulting is to be computed in the same manner as though the payment had been made in any other property. Any gain derived from such transactions is subject to tax, and any loss sustained is allowable as a deduction where permitted by the provisions of the Internal Revenue Code.

The Tax Court has applied these regulations uniformly, holding that a corporation was not dealing in its shares as it might the shares of another corporation where motivated by a nonprofit business purpose requiring the use of its stock. The Circuit Courts of Appeal, with equal uniformity, have refused to follow the motive test laid down by the Tax Court, holding, instead, that any disposition of Treasury stock gives rise to taxable gain or deductible loss except in the case of a capital readjustment actually involving retirement and reissuance of shares.

The rule of the tax court applied the regulation literally to determine whether or not the corporation was trading in its own shares as it might in the shares of another for profit. As so applied the regulation turned on substance rather than form, and application was premised upon a search inquiring into the facts and circumstances surrounding the transaction in Treasury stock for purpose of determining whether or not the transaction was motivated by no more than a desire for profit. The rule of the circuit courts, on the other hand, turned only upon whether or not the corporation went through the mechanics of actually retiring its Treasury stock and issuing new stock. Finally, in *Burrus Mills, Incorporated* (22 T. C. 881 (1954)), the tax court, after remarking upon the futility of its position, in the face of repeated reversals in circuit courts of appeal reversed its position and adopted that of the courts of appeal. The resulting uniformity was shortlived for on the following day the Court of Claims decided the case of *Anderson, Clayton & Company v. U. S.* (122 F. Supp. 837 (1954)), holding that a sale of Treasury stock to executives at a profit for the purpose of keeping control in the active manage-

ment group did not result in taxable gain. The Supreme Court of the United States granted certiorari on February 7, 1955. I am told that this and 11 other cases, involving a total of \$830,000, are awaiting the decision of the Supreme Court.

The differences between authorized but unissued stock and Treasury stock, while usually unappreciated by those outside the legal profession, are fundamental to an understanding of why Treasury stock is so much in demand for corporate business purposes.

A corporation desiring to issue new stock must comply with many laws and regulations which exist for the protection of stockholders which are not applicable in the case of treasury stock. For example, the disposition of treasury stock lies completely within the discretion of the board of directors who may dispose of it without considering the wishes of stockholders or considering stockholders' preemptive rights. In addition, the directors may sell treasury stock for less than its par or stated value. Treasury stock is usually nonassessable and free of many of the State and Federal security regulations applicable to unissued stock and last, but not least, the Federal stamp tax imposed on the transfer of such stock is less than that imposed upon the issuance of stock. To these traditional incentives for a corporation acquiring and dealing in its own stock, section 1032 has made another and far more profitable addition. The corporation can now by law deal in its own shares and enjoy its profits free of taxation.

These, and other considerations, are not taken into account by those who argue that there is no practical difference between a purchase and resale of a corporation's stock and the purchase and retirement of stock followed by the issuance of new shares. The logic of bookkeeping may, indeed, take no cognizance of the differences, but this cannot obscure the practical differences inherent in the very nature of the two types of stock.

The differences in tax treatment accorded transactions involving newly issued stock and Treasury stock by the statutes and courts led corporations holding both authorized but unissued stock and Treasury stock to use the Treasury stock only if the price they had paid for it was less than its cost, thus producing a tax loss. However, if the price paid for the Treasury stock was less than its current market price, the authorized but unissued stock would be used to accomplish their purpose, thus avoiding the capital gain tax. In this manner, corporate taxpayers were enabled to eat their cake and have it, too. This coupled with the uncertainty produced by the conflict between the Tax Court and the courts of appeal described above, gave rise to section 1032.

When I drew the tax avoidance possibilities of section 1032 to the attention of the Secretary of the Treasury, he replied, under date of June 6, 1955, denying the existence of the loophole in the following language:

The Treasury staff has reviewed again section 1032 of the Internal Revenue Code

which you asked me to look at because it was alleged to be a loophole that would result in large revenue losses. We believe this is not the case and that the new rules adopted in 1954 are better than the old law.

Under the old law, companies could take a tax loss on sales of Treasury stock if they had a loss on it, but if there was a gain involved, instead of selling Treasury stock and having a tax to pay on the gain, they could simply issue new stock which did not result in any taxable gain. Thus the old law really provided a loophole because companies could take losses but avoid taxes on gains. The opportunity to handle transactions to the taxpayer's advantage was noted in the report of the joint Treasury and Congressional Staff Committee in 1953 which studied this point of the tax law.

Corporations typically buy and use their own stock only for limited purposes, in connection with mergers, or stock option and bonus plans. These transactions can be and often are handled by newly issued stock and are then clearly capital transactions. The fact that they may buy their own stock and use it instead of new stock does not change the real character of the transactions.

The Securities and Exchange Commission holds that any gain or loss arising from dealings in Treasury stock affects the capital account and should not be reported in income or in earned surplus. Thus the old tax rule was directly contrary to what was required for reports to stockholders and the public.

There are relatively few instances where corporations deal in their own stock for profit and loss. If officers arrange for a corporation to buy up its own stock because of inside information, both the corporation and its officers are liable to the same sort of penalties under the Securities and Exchange Act as the officers would be if they traded in the stock for their own account.

We shall continue to watch the operation of this and all other provisions of the tax law. If any abuses arise we shall promptly report them to the Congress.

Although I have a high regard for the Secretary, as a member of the tax-writing Ways and Means Committee, I feel qualified through actual experience to recognize the inaccuracies of the Secretary's opinions with respect to the existence of a loophole and I was under the impression that his statements regarding the operation of the laws administered by the Securities and Exchange Commission were incorrect. To verify my impression I wrote to the Securities and Exchange Commission on June 7, 1955, asking if there was any law or regulation imposing a penalty on a corporation buying and selling its own stock similar to the penalty imposed upon the officers or directors of corporations who indulge in inside dealings. On this point the Securities and Exchange Commission replied as follows:

There is no law or regulation which imposes upon a corporation that buys and sells its own stock the penalty that is imposed upon officers and directors who trade in such stock, such as provided by section 16 (b) of the Securities Exchange Act of 1934. In this connection rule X-16A-4 (b) exempts from the provisions of section 16 (b) securities reacquired by an issuer for its account during the time they are held by the issuer. Clearly, the issuer could not recover trading profits from itself.

The Securities and Exchange Commission also supplied me with the information that of hundreds of thousands of

corporations required to register, only 376 companies subject to the Public Utilities Holding Company Act of 1935 and 354 companies subject to the Investment Company Act of 1940 are subject to restrictions imposed by the Securities and Exchange Commission regarding the acquisition and sale of the companies' own stock. The Securities and Exchange Commission has similar authority with respect to securities issued by closed-end investment companies. It appears that the SEC's statement is directly contrary to that of the Secretary of the Treasury. The rest of the Secretary's statements are similarly subject to criticism because they are not directed to the subject at hand. For example, it is true that the Securities and Exchange Commission holds that gain or loss arising from dealings in Treasury stock affects the capital account of a corporation and should not be treated as income or earned surplus. However, this ruling is premised upon the requirements not of taxation but business reporting. The logic of bookkeeping may require such profits to be excluded from the operating income of a corporation, but the logic of taxation was, until section 1032, and should now be, equally adamant in requiring such profits to be included in income for the purpose of determining the corporation's income tax. These profits should also be included in earnings and profits of the corporation for purposes of determining the amount of dividends to be taxed to the corporation's shareholders. Surely, the Secretary of the Treasury could not believe that earned surplus for purposes of bookkeeping is equivalent to earnings and profits, or that the considerations governing taxation are always identical to those adopted by accountants in their theoretical analyses. Yet, to read his letter, one would think he does.

The Secretary of the Treasury assures me in his letter that there are relatively few instances where corporations deal in their own stock for a profit. However, he does not attempt to prove his point with statistics, and his statement would seem to be contradicted by the fact that 11 cases, involving \$830,000, are currently pending before the courts. Untold others involving presection 1032 law are yet to be processed before assessments can be made. If only those companies listed on the New York Stock Exchange are taken into account, the amount of Treasury stock held is tremendous and the volume of trading in such shares is more than substantial.

It is my belief that the enactment of section 1032 has served to increase the volume of trade in Treasury stock, and such trade will continue to increase in volume now that such transactions are no longer subject to the capital gains tax. Section 1032 is more than a loophole. It is an open sesame to speculation by a corporation in its own stock—an invitation to reap untaxed profits.

The law existing prior to the enactment of section 1032 had its imperfections and uncertainties. This, I do not deny. But section 1032 is worse as a cure than the disease. Under the old law, corporations were not freed from the reporting requirement with respect

to dealings in Treasury stock generally imposed by the tax laws. This provided a source of information as to the number of corporations dealing in their own stock and as to the number and value of the shares involved. This requirement, together with the fact that corporations were required to pay taxes on any gain derived from dealing in their own shares, acted as a brake on the number of companies indulging in such activity.

Putting the best face possible upon section 1032, it is a poor substitute for the Treasury regulations which its authors intended it to replace. The provision is not as broad as the regulations. It mentions neither the tax consequences to a corporation on acquisition of its own capital stock nor the consequences to the corporation when such stock is exchanged for services rather than money or property. If the objectives of the section had any justification at all, that justification lies only in the fact that a corporation should be entitled to reward the services of its employees through incentive plans involving the corporation's stock.

The tax laws have long been designed to encourage such incentive programs. However, section 1032 fails to include services as one of the considerations for which a corporation can gain its benefits. Yet a loophole is wide open in it for transactions involving money or property.

I believe that it is possible to deal with the problems proposed by the old Treasury regulations without granting the *carte blanche* of untaxed profits awarded by section 1032. For that reason, I renew my request to the Secretary of the Treasury for a review of section 1032, for a review of the workings of section 1032 in conjunction with subchapter C of chapter 1 of the Internal Revenue Code of 1954, and urge him to make recommendations for bringing that section into line with the sound administrative and fiscal principles which should govern our tax laws.

SUPPLEMENTAL APPROPRIATIONS FOR THE FISCAL YEAR ENDING JUNE 30, 1956

Mr. CANNON submitted the following conference report and statement:

CONFERENCE REPORT (H. REPT. NO. 1586)

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7278) "making supplemental appropriations for the fiscal year ending June 30, 1956, and for other purposes," having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 13, 46, 57, 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 87, 96, 99, 101, 110, 111, 112, 118, 119, 121, and 136.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 4, 5, 6, 7, 8, 9, 10, 11, 15, 17, 18, 26, 32, 36, 42, 44, 47, 51, 55, 60, 77, 90, 94, 97, 102, 106, 108, 113, 114, 120, 124, 125, 126, 129, 132, 133, 134, 135, 137, 139, 140, and 141 and agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amend-

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ment of the Senate numbered 12, and agree to the same with an amendment, as follows: In lieu of the matter proposed by said amendment insert:

"For an additional amount for 'Loan authorizations', for loans under title II of the Bankhead-Jones Farm Tenant Act, as amended, \$15,000,000: *Provided*, That not to exceed the foregoing amount shall be borrowed in one account from the Secretary of the Treasury in accordance with the provisions set forth under this head in the Department of Agriculture Appropriation Act, 1952."

And the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$350,000"; and the Senate agree to the same.

Amendment numbered 16: That the House recede from its disagreement to the amendment of the Senate numbered 16, and agree to the same with an amendment, as follows: In lieu of the matter stricken out and inserted by said amendment insert:

"Office of the General Counsel

"For an additional amount for 'Office of the General Counsel', \$40,000."

And the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment, as follows: In lieu of the sum named in said amendment insert "\$600,000"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment, as follows: In lieu of the sum named in said amendment insert "\$37,730,000"; and the Senate agree to the same.

Amendment numbered 30: That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment, as follows: In lieu of the matter proposed by said amendment insert:

"Central Intelligence Agency

"Construction

"For the preparation of detail plans and specifications of a Central Intelligence Agency headquarters installation and for other purposes as authorized by title IV of the Act of July 15, 1955 (Public Law 161), to remain available until expended, \$5,500,000."

And the Senate agree to the same.

Amendment numbered 45: That the House recede from its disagreement to the amendment of the Senate numbered 45, and agree to the same with an amendment, as follows: In lieu of the sum named in said amendment insert "\$50,000"; and the Senate agree to the same.

Amendment numbered 52: That the House recede from its disagreement to the amendment of the Senate numbered 52, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$825,000"; and the Senate agree to the same.

Amendment numbered 53: That the House recede from its disagreement to the amendment of the Senate numbered 53, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$10,000,000"; and the Senate agree to the same.

Amendment numbered 54: That the House recede from its disagreement to the amendment of the Senate numbered 54, and agree to the same with an amendment, as follows: In lieu of the sum named in said amendment insert "\$1,500,000"; and the Senate agree to the same.

Amendment numbered 63: That the House recede from its disagreement to the amendment of the Senate numbered 63, and agree to the same with an amendment, as follows: In lieu of the sum named in said amendment insert "\$122,500"; and the Senate agree to the same.

Amendment numbered 79: That the House recede from its disagreement to the amendment of the Senate numbered 79, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$1,200,000"; and the Senate agree to the same.

Amendment numbered 81: That the House recede from its disagreement to the amendment of the Senate numbered 81, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$750,000"; and the Senate agree to the same.

Amendment numbered 91: That the House recede from its disagreement to the amendment of the Senate numbered 91, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$250,000"; and the Senate agree to the same.

Amendment numbered 100: That the House recede from its disagreement to the amendment of the Senate numbered 100, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$220,000"; and the Senate agree to the same.

Amendment numbered 103: That the House recede from its disagreement to the amendment of the Senate numbered 103, and agree to the same with an amendment, as follows: In lieu of the matter proposed by said amendment insert:

"Mental Health Activities

"For an additional amount for 'Mental health activities', \$250,000.

And the Senate agree to the same.

Amendment numbered 105: That the House recede from its disagreement to the amendment of the Senate numbered 105, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$600,000"; and the Senate agree to the same.

Amendment numbered 107: That the House recede from its disagreement to the amendment of the Senate numbered 107, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$256,327,000"; and the Senate agree to the same.

Amendment numbered 115: That the House recede from its disagreement to the amendment of the Senate numbered 115, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$1,970,000"; and the Senate agree to the same.

Amendment numbered 122: That the House recede from its disagreement to the amendment of the Senate numbered 122, and agree to the same with an amendment, as follows: In lieu of the sum proposed by said amendment insert "\$336,630"; and the Senate agree to the same.

Amendment numbered 138: That the House recede from its disagreement to the amendment of the Senate numbered 138, and agree to the same with an amendment, as follows: In lieu of the matter proposed by said amendment insert "Senate Document Numbered 75 and"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 2, 3, 19, 20, 22, 23, 25, 27, 28, 29, 31, 33, 34, 35, 37, 38, 39, 40, 41, 43, 48, 49, 50, 56, 58, 59, 61, 62, 64, 75, 76, 78, 80, 82, 83, 84, 85, 86, 88, 89,

92, 93, 95, 98, 104, 109, 116, 117, 123, 127, 128, 130, 131, 142, and 143.

CLARENCE CANNON,
JOHN TABER.

As to chapter I:

JAMIE L. WHITTEN,
FRED MARSHALL,
H. CARL ANDERSEN.

As to chapter II:

PRINCE H. PRESTON, JR.,
ALBERT THOMAS,
FRANK T. BOW.

As to chapter III:

GEORGE MAHON,
HARRY R. SHEPPARD,
ROBERT L. F. SIKES,
R. B. WIGGLESWORTH,
ERRETT P. SCRIVNER,
GERALD R. FORD, JR.

As to chapter IV:

OTTO E. PASSMAN,
J. VAUGHAN GARY,
R. B. WIGGLESWORTH.

As to chapter V:

GEORGE ANDREWS,
GEORGE MAHON,
IVOR D. FENTON.

As to chapter VI:

ALBERT THOMAS,
SIDNEY R. YATES,
JOHN PHILLIPS.

As to chapter VII:

MICHAEL J. KIRWAN,
W. F. NORRELL,
BEN F. JENSEN.

As to chapter VIII:

JOHN E. FOGARTY,
A. M. FERNANDEZ,
T. MILLET HAND.

As to chapter IX:

LOUIS C. RABAUT,
MICHAEL J. KIRWAN.

As to chapter X:

JOHN J. ROONEY,
PRINCE H. PRESTON, JR.,
F. R. COUDERT, JR.

As to chapter XI:

J. VAUGHAN GARY,
OTTO E. PASSMAN,
GORDON CANFIELD.

As to chapters XII, XIII, XIV, and XV:

LOUIS C. RABAUT,
W. F. NORRELL,
WALT HORAN.

Managers on the Part of the House.

CARL HAYDEN,
RICHARD B. RUSSELL,
DENNIS CHAVEZ,
ALLEN J. ELLENDER,
LISTER HILL (except as
to amendment number
104).

JOHN STENNIS,
STYLES BRIDGES,
LEVERETT SALTONSTALL,
WM. F. KNOWLAND,
MILTON R. YOUNG,
EDWARD J. THYE.

Managers on the Part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 7278) making supplemental appropriations for the fiscal year ending June 30, 1956, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

CHAPTER I

Department of Agriculture

Amendment No. 1: Inserts heading.

Amendment Nos. 2 and 3: Reported in disagreement.

Amendment Nos. 4 through 8: Strike out House language as proposed by the Senate.

Amendment No. 9: Appropriates \$33,000 for the Commodity Exchange Authority as proposed by the Senate.

Amendment Nos. 10 and 11: Insert headings.

Amendment No. 12: Authorizes \$15,000,000 for loans under title II of the Bankhead-Jones Farm Tenant Act as proposed by the Senate, with perfecting amendment.

Amendment No. 13: Eliminates \$25,000,000 proposed by the Senate for farm housing loans.

Amendment No. 14: Appropriates \$350,000 for salaries and expenses, Farmers Home Administration instead of \$1,300,000 as proposed by the Senate.

Amendment No. 15: Strikes out House language as proposed by the Senate.

Amendment No. 16: Appropriates \$40,000 for the Office of the General Counsel instead of \$65,000 as proposed by the Senate, and eliminates House language appropriating \$36,000 to this office for the rural development program.

Amendment Nos. 17 and 18: Strike out House language as proposed by the Senate.

Amendment Nos. 19 and 20: Reported in disagreement.

CHAPTER II

Department of Commerce

Amendment No. 21: Appropriates \$600,000 for operation and regulation, Civil Aeronautics Administration instead of \$1,200,000 as proposed by the Senate.

Amendment Nos. 22 and 23: Reported in disagreement.

Amendment No. 24: Appropriates \$37,730,000 for the Inter-American Highway instead of \$49,730,000 as proposed by the Senate.

Amendment No. 25: Reported in disagreement. The motion which will be offered by the managers will recommend an additional \$500,000 to be used entirely for hurricane and tornado research.

Amendment No. 26: Inserts heading.

Amendment Nos. 27 through 29: Reported in disagreement.

CHAPTER III

Central Intelligence Agency

Amendment No. 30: Appropriates \$5,500,000 for the Central Intelligence Agency headquarters installation instead of \$7,000,000 as proposed by the Senate. The managers, by the action taken, are not designating any particular site nor do they preclude the selection of any particular site. Of the amount appropriated not to exceed \$350,000 may be used for the purchase of a site in the event the Langley, Virginia, site is not selected; and in the event the Langley, Virginia, site (which is now Government owned) is selected not to exceed \$2,500,000 of the amount appropriated may be used in connection with the taking of steps with regard to roads and other facilities.

Department of the Army—Military Construction

Amendment No. 31: Reported in disagreement for technical reasons. The motion which will be offered by the managers will recommend the sum of \$485,077,000 which represents modification of the amount in the Senate bill by deletion of the item of \$1,350,000 for family housing at the Black Hills Ordnance Depot, South Dakota. The increase of \$200,000 proposed by the Senate for Fort Leavenworth, Kansas, and the increase of \$1,265,000 proposed by the Senate for Fort Huachuca, Arizona, are included in the total appropriation agreed upon.

Department of the Navy—Military Construction

Amendment No. 32: Inserts heading.

Amendment No. 33: Reported in disagreement for technical reasons. The motion

which will be offered by the managers will recommend the sum of \$442,628,300, which represents modification of the amount in the Senate bill in the following respects: (1) Omission of the \$2,000,000 for plans for a new drydock at the Puget Sound shipyard; (2) Restoration of the \$350,000 for plans for a new Armed Services Medical Library; and (3) Restoration of \$1,000,000 (allowing a total of \$3,000,000) for family housing at the Marine Corps base, Quantico, Virginia. In connection with acceptance of the Senate addition of \$3,800,000 for a new manufacturing building at the Naval Ordnance Plant, Macon, Georgia, the managers on the part of the Senate and the House are in agreement that this construction project shall not be undertaken unless and until the Secretary of Defense certifies in writing to the Committees on Appropriations of the House and the Senate that such project is essential to the national defense and in the best interests of the Government.

Amendment No. 34: Reported in disagreement.

Department of the Air Force—Military Construction

Amendment No. 35: Reported in technical disagreement. The motion which will be offered by the managers will recommend an appropriation of \$994,291,000, of which \$255,000,000 shall be derived by transfer from the appropriation "Procurement and production, Army". This represents modifications of the amount in the Senate bill in the following respects: (1) omits \$5,822,000 for Grand Forks Air Force Base; (2) omits \$1,881,000 for Traverse City Area Air Force Base; (3) omits \$155,000 additional proposed by the Senate for a second swimming pool at Lake Charles Air Force Base; (4) omits \$2,667,000 additional proposed by the Senate for a hospital at Lincoln Air Force Base, and deletes language relating to this base; (5) omits \$218,000 additional proposed by the Senate for a second swimming pool at Travis Air Force Base; (6) omits \$129,000 additional proposed by the Senate for a second swimming pool at England Air Force Base; (7) provides \$20,000,000 for the Air Academy instead of \$79,527,000 as recommended by the Senate; (8) reduces the amount for classified overseas bases by \$16,556,000, and (9) deletes \$70,000 to correct an error in previous estimates.

The managers are agreed that the Air Force should proceed with land acquisition and construction of the Grand Forks Air Force Base with presently available funds in the amount of \$6,280,000. In the event additional funds (within limit of the total authorized for this base) are required for obligation during fiscal year 1956 they may be obtained from other available funds through the regular reprogramming procedures.

In providing \$20,000,000 for the Air Academy the managers are of the opinion that essential preliminary construction can proceed pending further finalization of the design and plans. Request for additional funds based upon more complete design work can be presented to the Congress in the next session.

Funds were left in the bill for a second swimming pool at Hunter Air Force Base, because the existing pool at this base was constructed from nonappropriated funds.

Amendment No. 36: Inserts center heading.

Amendments Nos. 37 through 41: Reported in technical disagreement. The managers on the part of the House will move to recede and concur.

CHAPTER IV

Department of Defense—Civil functions

Amendment No. 42: Inserts heading.

Amendment No. 43: Reported in disagreement.

CHAPTER V

General Government matters

Amendment No. 44: Inserts chapter number.

Amendment No. 45: Appropriates \$50,000 for Office of Defense Mobilization instead of \$100,000 as proposed by the Senate.

Amendment No. 46: Deletes Senate proposal to appropriate \$25,000 for District of Columbia Auditorium Commission.

Amendment No. 47: Inserts heading.

Amendment No. 48: Reported in disagreement.

Amendment No. 49: Reported in disagreement.

Amendment No. 50: Reported in disagreement.

CHAPTER VI

Independent offices

Amendment No. 51: Changes chapter number.

Amendment No. 52: Appropriates \$825,000 for the Federal Civil Defense Administration for "Operations" instead of \$650,000 as proposed by the House and \$1,000,000 as proposed by the Senate.

Amendment No. 53: Appropriates \$10,000,000 for "Surveys, Plans, and Research" of the Federal Civil Defense Administration instead of \$8,000,000 as proposed by the House and \$12,000,000 as proposed by the Senate.

Amendment No. 54: Appropriates \$1,500,000 for "Salaries and expenses, Civil Defense Functions of Federal Agencies" instead of \$3,050,000 as proposed by the Senate.

Amendment No. 55: Inserts heading.

Amendment No. 56: Reported in disagreement.

Amendment No. 57: Deletes item of \$300,000 for "Acquisition of Land, District of Columbia" proposed by the Senate.

Amendment No. 58: Reported in disagreement.

Amendment No. 59: Reported in disagreement.

Amendment No. 60: Inserts heading.

Amendment No. 61: Reported in disagreement.

Amendment No. 62: Reported in disagreement.

Amendment No. 63: Appropriates \$122,500 for "Operating Expenses, National Archives and Records Service" instead of \$145,000 as proposed by the Senate.

Amendment No. 64: Reported in disagreement.

Amendment Nos. 65 through 74: Strike out amendments proposed by the Senate. The managers on the part of the House and Senate do not believe the additional appropriations and increased authorizations included in said amendments for the Housing and Home Finance Agency and its constituent agencies are necessary at this time. However, should housing amendments for certain new and expanded programs be enacted in the present session of the Congress, or should the need for additional funds become acute because of unanticipated increases in programs, the Director of the Bureau of the Budget may accelerate apportionments of funds presently available by minimum amounts pending the submission of supplemental estimates to the next session of the Congress.

Amendment Nos. 75 and 76: Reported in disagreement.

CHAPTER VII

Department of the Interior

Amendment No. 77: Changes chapter number.

Amendment No. 78: Reported in disagreement.

Amendment No. 79: Appropriates \$1,200,000 for Bureau of Mines, Conservation and Development of Mineral Resources, instead of \$625,000 as proposed by the House and \$1,450,000 as proposed by the Senate. Of the amount provided \$1,000,000 is for con-

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tinuation of research in mining methods at the Rifle, Colorado, oil shale plant and for putting the retorting, refining, and all other research facilities into standby condition.

Amendment No. 80: Reported in disagreement.

Amendment No. 81: Appropriates \$750,000 for Fish and Wildlife Service, Construction, instead of \$325,000 as proposed by the House and \$786,000 as proposed by the Senate. Of this amount provided \$6,000 is for the construction of an auxiliary spillway on the James River at the Dakota Lake National Wildlife Refuge in North Dakota.

Amendment No. 82: Reported in disagreement.

Department of Agriculture

Amendment No. 83: Reported in disagreement.

Alexander Hamilton Bicentennial Commission

Amendment No. 84: Reported in disagreement.

Boston National Historic Sites Commission
Amendment No. 85: Reported in disagreement.

John Marshall Bicentennial Celebration Commission

Amendment No. 86: Reported in disagreement.

National Capital Planning Commission

Amendment No. 87: Strikes language inserted by the Senate.

Smithsonian Institution

Amendment No. 88: Reported in disagreement.

Soo Locks Centennial Celebration Commission

Amendment No. 89: Reported in disagreement.

CHAPTER VIII

Department of Labor

Amendment No. 90: Changes chapter number.

Amendment No. 91: Appropriates \$250,000 for "Salaries and expenses, Office of the Solicitor" instead of \$110,000 as proposed by the House and \$303,800 as proposed by the Senate.

Amendment No. 92: Reported in disagreement.

Amendment No. 93: Reported in disagreement.

Department of Health, Education, and Welfare

Amendment No. 94: Inserts heading.

Amendment No. 95: Reported in disagreement.

Amendment No. 96: Strikes appropriation of \$8,700 for "Salaries and expenses, Galaudet College" proposed by the Senate.

Amendment No. 97: Inserts heading.
Amendment No. 98: Reported in disagreement.

Amendment No. 99: Strikes appropriation of \$220,000 for "salaries and expenses, Howard University" proposed by the Senate.

Amendment No. 100: Appropriates \$220,000 for "Salaries and expenses, White House Conference on Education" instead of \$50,000 as proposed by the House and \$238,000 as proposed by the Senate, however, the managers on the part of the House reiterate the thought set forth in House Report No. 1116, that the legislation which authorized the White House Conference on Education does not authorize the use of Federal funds for the travel expenses of delegates to the Con-

ference, and will expect that the Department secure an opinion on this matter from the Comptroller General before obligating any funds for such purpose. If his opinion is that the use of funds for such purpose is not so authorized, it will be expected that the Director of the Bureau of the Budget will impound \$170,000 of the appropriation for this item.

Amendment No. 101: Strikes appropriations for 19 Public Health Service items totaling \$1,375,000 proposed by the Senate.

Amendment No. 102: Appropriates \$1,190,000 for "Sanitary engineering activities" as proposed by the Senate.

Amendment No. 103: Appropriates \$250,000 for "Mental health activities" for the purpose of carrying out the purposes of Public Law 182, approved July 28, 1955, as proposed by the Senate.

Amendment No. 104: Reported in disagreement for technical reasons. A motion will be made to recede from disagreement to the Senate amendment that proposed an appropriation of \$60,000,000 for "Grants to States for poliomyelitis vaccination" and concur therein with an amendment to substitute the sum of \$30,000,000. The managers are agreed that, if legislation is enacted which will require more than \$30,000,000 in fiscal year 1956, the Director of the Bureau of the Budget should apportion these funds on a deficiency basis.

Amendment No. 105: Appropriates \$600,000 for "Construction of housing facilities for animals" instead of \$400,000 as proposed by the House and \$685,280 as proposed by the Senate. The language of this paragraph is sufficiently broad to permit the Public Health Service to handle the construction direct or to arrange for contracts through the General Services Administration. The managers will expect the method to be employed which will assure the earliest completion of the building.

CHAPTER IX

Public works

Atomic Energy Commission

Amendment No. 106: Changes chapter number.

Amendment No. 107: Appropriates \$256,327,000 for Plant and Equipment instead of \$163,577,000 as proposed by the House and \$270,800,000 as proposed by the Senate. None of the amount appropriated is to be used for construction of the new Reactor Training School, Argonne National Laboratory, as proposed in the Budget.

Amendment No. 108: Deletes House language.

Amendment No. 109: Reported in disagreement.

Department of the Interior

Amendments Nos. 110 through 112: Strike headings and language inserted by the Senate.

The use of \$240,000 of available funds for completion of the Yellowtail-Lovell transmission line is approved.

Department of Defense—Civil Functions, Department of the Army

Amendment No. 113: Appropriates \$5,551,014 for Rivers and Harbors and Flood Control Construction, General, as proposed by the Senate.

CHAPTER X

Department of State

Amendment No. 114: Changes chapter number.

Amendment No. 115: Appropriates \$1,970,000 for "Salaries and expenses" instead of

\$1,820,000 as proposed by the House and \$2,120,000 as proposed by the Senate.

Amendment No. 116: Reported in disagreement.

Amendment No. 117: Reported in disagreement.

Amendment No. 118: Deletes language proposed by the Senate.

Amendment No. 119: Deletes language proposed by the Senate.

Amendment No. 120: Appropriates \$75,000 for "Salaries and expenses, International Boundary and Water Commission, United States and Mexico," as proposed by the Senate.

Department of Justice

Amendment No. 121: Deletes proposal of Senate to appropriate \$500,000 for "Buildings and Facilities."

United States Information Agency

Amendment No. 122: Appropriates \$336,630 for "Salaries and expenses" instead of \$243,260 as proposed by the House and \$430,000 as proposed by the Senate.

Funds appropriated to the President

Amendment No. 123: Reported in disagreement.

CHAPTER XI

Treasury—Post Office

Amendment No. 124: Changes chapter number.

Amendment No. 125: Appropriates \$7,000,000 for Operating Expenses, Coast Guard, as proposed by the Senate instead of \$5,000,000 as proposed by the House.

Amendment No. 126: Inserts heading.

Amendment No. 127: Reported in disagreement.

Amendment No. 128: Reported in disagreement.

CHAPTER XII

District of Columbia

Amendment No. 129: Changes chapter number.

Amendment No. 130: Reported in disagreement.

Amendment No. 131: Reported in disagreement.

CHAPTER XIII

Legislative branch

Amendment No. 132: Inserts chapter number.

Amendments Nos. 133 and 134: Insert headings.

Amendment No. 135: Appropriates \$185,835 for Contingent Expenses of the Senate, as proposed by the Senate.

Amendment No. 136: Strikes out language proposed by the Senate amending Section 1311, Public Law 663, Eighty-third Congress.

CHAPTER XIV

Claims for damages, audited claims, and judgments

Amendment No. 137: Changes chapter number.

Amendments Nos. 138 and 139: Appropriates \$8,117,523 as proposed by the Senate instead of \$5,343,868 as proposed by the House; and insert reference to Senate Document.

CHAPTER XV

General provisions

Amendment No. 140: Inserts chapter number.

Amendment No. 141: Inserts heading.

Amendment No. 142: Reported in disagreement.

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Amendment No. 143: Reported in disagreement.

CLARENCE CANNON,
JOHN TABER,
As to chapter I:
JAMIE L. WHITTEN,
FRED MARSHALL,
H. CARL ANDERSEN,
As to chapter II:
PRINCE H. PRESTON, Jr.,
ALBERT THOMAS,
FRANK T. BOW,
As to chapter III:
GEORGE MAHON,
HARRY R. SHEPPARD,
ROBERT L. F. SIKES,
R. B. WIGGLESWORTH,
ERRETT P. SCRIVNER,
GERALD R. FORD, Jr.,
As to chapter IV:
OTTO E. PASSMAN,
J. VAUGHAN GARY,
R. B. WIGGLESWORTH,
As to chapter V:
GEORGE ANDREWS,
GEORGE MAHON,
IVOR D. FENTON,
As to chapter VI:
ALBERT THOMAS,
SIDNEY R. YATES,
JOHN PHILLIPS,
As to chapter VII:
MICHAEL J. KIRWAN,
W. F. NORRELL,
BEN F. JENSEN,
As to chapter VIII:
JOHN E. FOGARTY,
A. M. FERNANDEZ,
T. MILLET HAND,
As to chapter IX:
LOUIS C. RABAUT,
MICHAEL J. KIRWAN,
As to chapter X:
JOHN J. ROONEY,
PRINCE H. PRESTON, Jr.,
F. R. COUDERT, Jr.,
As to chapter XI:
J. VAUGHAN GARY,
OTTO E. PASSMAN,
GORDON CANFIELD,
As to chapters XII, XIII, XIV, and XV:
LOUIS C. RABAUT,
W. F. NORRELL,
WALT HORAN,
Managers on the Part of the House.

CORRECTION OF RECORD

Mr. THOMSON of Wyoming. Mr. Speaker, I ask unanimous consent that my remarks on the floor of the House yesterday, as they appear on page 10295 of the CONGRESSIONAL RECORD be corrected as follows: On line 20, page 10293, strike out the words "do not."

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

There was no objection.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the Appendix of the RECORD, or to revise and extend remarks, was granted to:

Mr. COOPER and to include a report from the Treasury Department with respect to the tax treatment of cooperatives.

Mr. VINSON, and to include an address made by Hon. DEWEY SHORT before the Post-Graduate Medical Society at Houston, Tex.

Mr. PRICE in five instances and in each to include extraneous matter.

Mr. MULTER in five instances and in each to include extraneous matter.

Mr. MULTER, the remarks he expects to make in Committee of the Whole today and to include extraneous matter.

Mr. LANKFORD and to include an article.

Mr. SKES in two instances and to include other material.

Mr. HAYS of Ohio in two instances and to include extraneous matter.

Mr. WALTER and to include an article.

Mr. MADDEN and to include a statement.

Mr. MAGNUSON in five instances and to include extraneous material.

Mr. FALLON.

Mr. DEROUNIAN.

Mr. BOGGS.

Mr. PHILBIN in four instances.

Mr. REECE of Tennessee (at the request of Mr. Brown of Ohio) and include certain material.

Mr. SAYLOR in three instances in each to include extraneous matter.

Mr. SMITH of Wisconsin in five instances in each to include extraneous matter.

Mr. RADWAN (at the request of Mr. ARENDS).

Mr. LAIRD in five instances in each to include extraneous matter.

Mr. RIEHLMAN in two instances in each to include extraneous matter.

Mr. MILLER of Nebraska.

Mr. BROWNSON and to include extraneous matter.

Mr. PILLION.

Mr. UTT and include extraneous matter.

Mr. POWELL (at the request of Mr. MADDEN) in two instances and to include extraneous matter.

Mr. PATMAN, his remarks made in Committee of the Whole and to include extraneous matter.

Mr. HEBERT (at the request of Mr. MULTER) and to include extraneous matter.

Mr. KLEIN (at the request of Mr. MULTER) and to include extraneous matter, notwithstanding that it may exceed two pages of the RECORD and is estimated by the Public Printer to cost \$280.

Mrs. KELLY of New York (at the request of Mr. ZABLOCKI) in six instances and to include extraneous matter.

Mr. FLOOD (at the request of Mr. ZABLOCKI) in two instances.

Mr. ZABLOCKI in two instances.

Mr. PELY in five instances and to include extraneous matter.

Mr. MACK of Washington in five instances and to include extraneous matter.

Mr. VANIK to revise and extend his remarks made in Committee of the Whole.

Mr. THOMSON of Wyoming.

Mr. DODD in two instances and to include extraneous matter.

Mr. TEAGUE of Texas.

Mr. McDONOUGH.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 360. An act for the relief of Bart Krijger; to the Committee on the Judiciary.

S. 421. An act for the relief of Jose Alvarez; to the Committee on the Judiciary.

S. 433. An act for the relief of Markos Demetrius Spanos; to the Committee on the Judiciary.

S. 912. An act to amend the Act of April 23, 1930, relating to a uniform retirement date for authorized retirements of Federal personnel, and the Foreign Service Act of 1946, as amended; to the Committee on Post Office and Civil Service.

S. 1105. An act for the relief of Mrs. Lieselotte Emilie Dailey; to the Committee on the Judiciary.

S. 1118. An act for the relief of Katherine Lajimodiere (nee Schneeberger); to the Committee on the Judiciary.

S. 1125. An act for the relief of Stephen Fodo; to the Committee on the Judiciary.

S. 1226. An act for the relief of Soterios Christopoulos; to the Committee on the Judiciary.

S. 1299. An act for the relief of Mrs. Esteni Rodriguez Estopinan de Witlicki; to the Committee on the Judiciary.

S. 1348. An act for the relief of Anna Jerman Bonito; to the Committee on the Judiciary.

S. 1357. An act for the relief of Ingeburg Edith Stallings (nee Nitzki); to the Committee on the Judiciary.

S. 1594. An act for the relief of Dosinda Gonzalez Mendez; to the Committee on the Judiciary.

S. 1676. An act for the relief of Antonio Domenico Narciso Bianchi; to the Committee on the Judiciary.

S. 1682. An act for the relief of Maria Del Carmen Intriago Martinez; to the Committee on the Judiciary.

S. 1706. An act for the relief of Spyridon Saintoufis and his wife Efrossini Saintoufis; to the Committee on the Judiciary.

S. 1732. An act for the relief of Panagiotis Nicolas Lalos and his wife, Antyro Panagiotis Lalos; to the Committee on the Judiciary.

S. 1787. An act for the relief of Edith Kalwies; to the Committee on the Judiciary.

S. 1818. An act to limit the amount of land on Federal irrigation projects which may be exchanged under the act of August 13, 1953; to the Committee on Interior and Internal Affairs.

S. 1882. An act for the relief of Constantine Salmon; to the Committee on the Judiciary.

S. 1888. An act for the relief of Cesare Picco; to the Committee on the Judiciary.

S. 1905. An act for the relief of Winston Bros. Co. and the Utah Construction Co. and the J. A. Terteling & Sons, Inc.; to the Committee on the Judiciary.

S. 1917. An act to authorize the construction within Grand Teton National Park of an alternate route to United States Highway 89, also numbered U. S. 187 and U. S. 26 and the conveyance thereof to the State of Wyoming, and for other purposes; to the Committee on Interior and Insular Affairs.

S. 1933. An act for the relief of Dr. Elpidio Dosado, Aurelia, Deanna, Elpidio, Jr., and Ambrosio Dosado; to the Committee on the Judiciary.

S. 1972. An act for the relief of William Theodore and Emily Sansur Saad; to the Committee on the Judiciary.

S. 1973. An act for the relief of Toufic N. Jildeh; to the Committee on the Judiciary.

S. 1983. An act for the relief of Myra Louise Dew; to the Committee on the Judiciary.

S. 2036. An act for the relief of Rosa Roppo; to the Committee on the Judiciary.

S. 2053. An act for the relief of Ivan Gerasko; to the Committee on the Judiciary.

S. 2060. An act to amend the act of March 3, 1901 (31 Stat. 1449), as amended, to incorporate in the Organic Act of the National Bureau of Standards the authority to use the working capital fund, and to permit certain