

# NOMINATIONS

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## HEARING

BEFORE THE

## COMMITTEE ON FINANCE

## UNITED STATES SENATE

EIGHTY-THIRD CONGRESS

FIRST SESSION

ON

NOMINATIONS OF

MAHON B. FOLSOM, UNDER SECRETARY OF THE  
TREASURY-DESIGNATE

H. CHAPMAN ROSE, ASSISTANT SECRETARY OF THE  
TREASURY-DESIGNATE

ELBERT P. TUTTLE, GENERAL COUNSEL-DESIGNATE,  
DEPARTMENT OF THE TREASURY

T. COLEMAN ANDREWS, COMMISSIONER OF INTERNAL  
REVENUE-DESIGNATE

IVY BAKER PRIEST, TREASURER OF THE UNITED  
STATES-DESIGNATE

ALMA K. SCHNEIDER, SUPERINTENDENT-DESIGNATE,  
UNITED STATES MINT AT DENVER, COLO.

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JANUARY 20, 1933

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### COMMITTEE ON FINANCE

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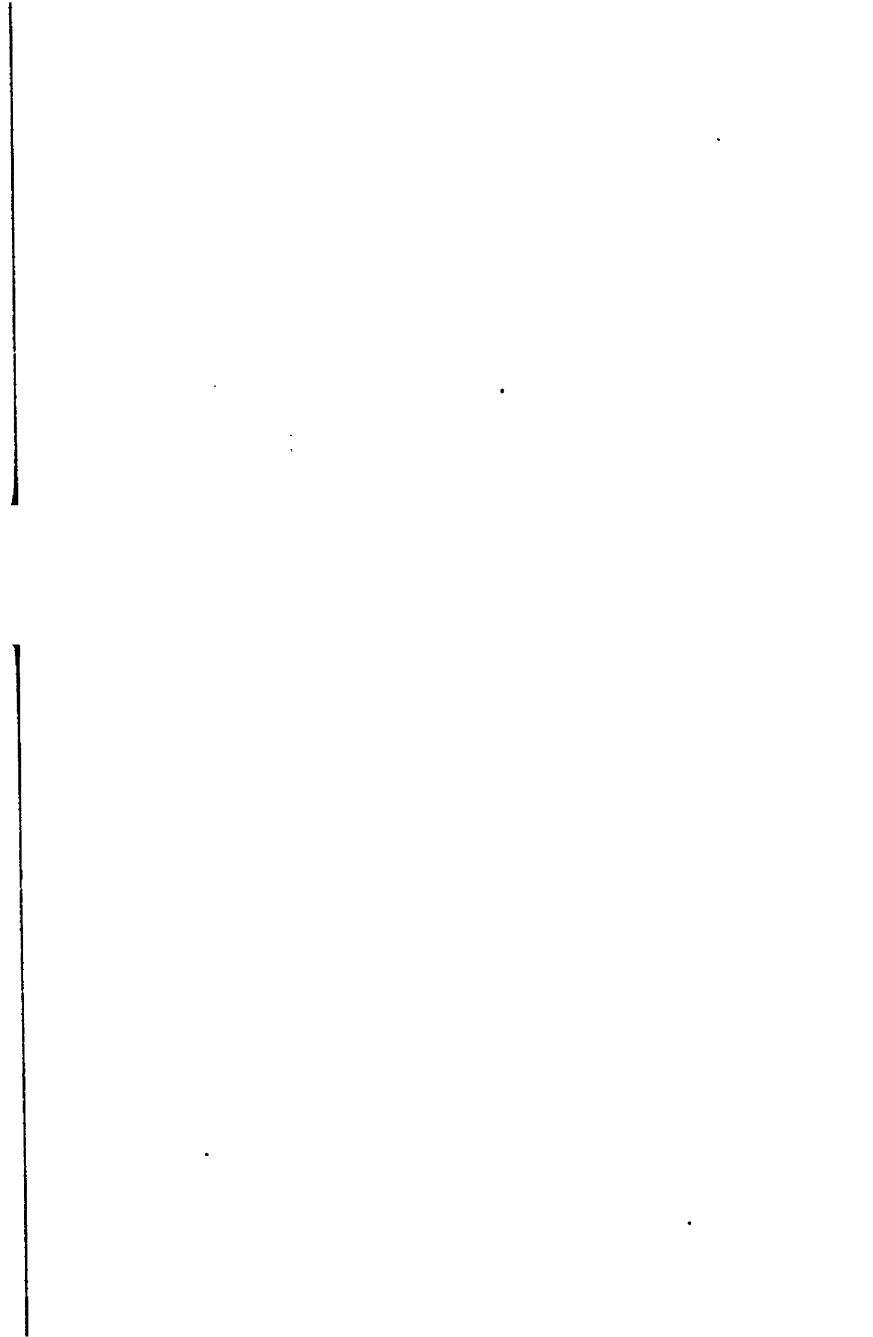
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**NOMINATIONS OF MR. MARION B. FOLSOM, UNDER SECRETARY OF TREASURY-DESIGNATE; MR. H. CHAPMAN ROSE, ASSISTANT SECRETARY OF TREASURY-DESIGNATE; MR. ELBERT P. TUTTLE, GENERAL COUNSEL-DESIGNATE, DEPARTMENT OF THE TREASURY; MR. T. COLEMAN ANDREWS, COMMISSIONER OF INTERNAL REVENUE-DESIGNATE; MRS. IVY BAKER PRIEST, TREASURER OF THE UNITED STATES-DESIGNATE; MRS. ALMA K. SCHNEIDER, SUPERINTENDENT-DESIGNATE, UNITED STATES MINT, DENVER, COLO.**

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**MONDAY, JANUARY 26, 1953**

**UNITED STATES SENATE,  
COMMITTEE ON FINANCE,  
Washington, D. C.**

The committee met pursuant to call at 10 a. m., 312 Senate Office Building, Senator Eugene D. Millikin, chairman, presiding.

Present: Senators Millikin, Butler, Martin, Williams, Flanders, Malone, Carlson, Bennett, George, Byrd, Johnson of Colorado, Hoey, Kerr, and Frear.

Also present: Mrs. Elizabeth Springer, acting chief clerk.

The CHAIRMAN. The hearing will come to order. Is Mrs. Priest here?

Mrs. PRIEST. Right here, Senator.

**STATEMENT OF MRS. IVY BAKER PRIEST, TREASURER OF THE UNITED STATES-DESIGNATE**

The CHAIRMAN. The committee has before it a biography and also an occupational record of Mrs. Priest. Without objection, these two documents will be included in the record at this point.

(The two documents referred to follow:)

**BIOGRAPHY OF MRS. IVY B. PRIEST**

Mrs. Ivy B. Priest of Bountiful, Utah, is assistant to the chairman of the Republican National Committee, and head of the women's division. She was appointed by Chairman Arthur E. Summerfield on August 15, 1952, and took office immediately.

A member of the Republican National Committee for Utah since 1944, she is also a former member of the executive committee of the national committee. Mrs. Priest has been active in Republican organizations since 1932.

Her first association with the Republican Party came through her affiliation with the Young Republicans. She became president of the Utah State Young Republicans in 1934. From 1936 to 1940, she was western regional director of the

Young Republican National Federation, and from 1940 to 1944, she was a member of the Utah State Republican Committee. In addition, she has been vitally concerned with problems pertaining to the West, and has served as vice president and secretary of the Republican organization of 11 Western States.

A recognized leader in public service, Mrs. Priest's special interests in addition to politics are reflected in her work as president of the Utah State Women's Legislative Council, as vice president of the Utah Safety Council, in the General Federation of Women's Clubs, and the American Red Cross. She was a leader in the movement which resulted in the first minimum wage for working women in Utah, and had an important role in establishing the Youth Center for Davis County (Salt Lake City).

A miner's daughter, with a business and teaching career before her marriage in 1935, Mrs. Priest was born in Kimberley, Utah, attended elementary schools there, and was graduated from Bingham High School. She later took extension courses at the University of Utah.

The eldest of seven children, she left college in her freshman year and took over the family responsibilities when her father became ill. Starting as a telephone operator, she became a supervisor, and later went into the merchandising field—at the same time teaching night classes in American history and citizenship.

She is the mother of three children, Patricia Ann, age 15; Nancy Ellen, age 10; and Roy, Jr., age 9.

#### PRIEST, IVY BAKER

(Nominated for appointment as Treasurer of the United States)

Birthplace: Kimberley, Utah.

Birth date: September 7, 1905. Present age, 47.

Education: Graduated from Bingham High School, Bingham, Utah. Continued education through extension courses at the University of Utah.

Occupational record: Telephone operator and later advanced to supervisor. Was also in the merchandising business, working during the day and teaching classes in American history and citizenship at night. 1934-36: President, Utah State Young Republicans. 1936-40: Western regional director, Young Republican National Federation. 1940-44: Member, Utah State Republican Committee. 1944 to present: Member, Republican National Committee for Utah. 1952 to present: Assistant to the chairman, Republican National Committee and head of the women's division. 1937-39: President, Utah State Women's Legislative Council. 1945 to present: Vice president, Utah Safety Council. Has also been active in the General Federation of Women's Clubs and American Red Cross.

The CHAIRMAN. Will you take the chair, please?

Senator Watkins, will you escort the lady?

Senator WATKINS. I will be delighted.

The CHAIRMAN. Mrs. Priest, will you state your full name, please?

Mrs. PRIEST. Ivy Baker Priest.

The CHAIRMAN. You have been designated or nominated as Treasurer of the United States.

Mrs. PRIEST. That is right.

The CHAIRMAN. Have you prepared a little rundown on yourself which you can give to the committee?

Mrs. PRIEST. I have not, Senator, but my Senator from Utah, Senator Watkins has one.

The CHAIRMAN. Well, tell us something about yourself.

Mrs. PRIEST. Senator Watkins, suppose you tell them with me.

#### STATEMENT OF HON. ARTHUR V. WATKINS, UNITED STATES SENATOR FROM THE STATE OF UTAH

Senator WATKINS. I feel it a great honor to be able to say that in presenting Mrs. Priest to you for this exalted position, we present one of Utah's most distinguished ladies.

<sup>1</sup> Exact dates unknown.

We are very proud indeed that President Eisenhower saw fit to select her for this important post in the Government. She is one of those who has grown up in our State; by her struggle and her activities, in civic ways and other ways, she has attained a great degree of prominence and eminence.

She has been active in politics as most of you know, and has achieved great success in that field.

However, that has not kept her from working in other fields. She has been a great civic leader in women's affairs, safety, and the promoting of beneficial measures for women in industry and in work.

Altogether we are very proud of Ivy Baker Priest. I am sure she will give a good account of herself here in answering questions you wish to present to her.

The CHAIRMAN. Senator Bennett, do you wish to testify for this fine lady from Utah?

Senator BENNETT. I can endorse what my senior colleague has said and tell you that Mrs. Priest is perfectly able to testify for herself, as Senator Watkins has testified here, with reference to the position to which she has been appointed.

Senator MALONE. I might say that she is almost as well known in Nevada as she is in Utah and I have the same high regard.

The CHAIRMAN. I notice, Mrs. Priest, that you started out as a working lady, as a telephone operator, and also had some experience in the merchandising business.

You taught American history and citizenship. I see that in addition to your political activities which have been eminent and effective, I see that you also are vice president of the Utah Safety Council; I see that you are interested in women's clubs and the American Red Cross.

Can you think of anything else; activities outside of politics, where you have been a useful citizen?

Mrs. PRIEST. Yes, Senator, I was instrumental in bringing about the wage scale for the first minimum wage law for workingwomen in Utah.

At the present time I am still a director on the board of the Davis County Youth Center which contains a program for the young people.

The CHAIRMAN. Do you have any national interest which would conflict in any way with the performance of your duty?

Mrs. PRIEST. Well, I am afraid I have not.

The CHAIRMAN. Would it be accurate to say that you have no financial interests, period?

Mrs. PRIEST. That is right, Senator.

The CHAIRMAN. Senator George.

Senator GEORGE. I believe I have no questions.

The CHAIRMAN. Senator Martin.

Senator MARTIN. No questions.

The CHAIRMAN. Senator Johnson.

Senator JOHNSON. No questions, thank you.

The CHAIRMAN. Senator Byrd.

Senator BYRD. No questions.

Senator JOHNSON. I like to see our neighbors reach high places in the financial world and sign all these bills, these one-dollar bills—is that the kind you are going to sign?

Mrs. PRIEST. I am not sure of just what is included, but I think it goes up pretty high, beyond the one-dollar bills.

Senator JOHNSON. Well, we will take your signature on any of them since you are from Utah.

The CHAIRMAN. Senator Hoey.

Senator HOEY. I think if we would put her picture on some of the bills instead of those who are now on it, it would improve it very much.

The CHAIRMAN. Senator Wheeler.

Senator WHEELER. No questions.

The CHAIRMAN. Senator Flanders.

Senator FLANDERS. I agree with the Senator from North Carolina.

The CHAIRMAN. You will be able to say "come up and see my etchings."

Senator Malone.

Senator MALONE. I have no questions, Mr. Chairman.

The CHAIRMAN. Senator Carlson.

Senator CARLSON. I would like to say that I am personally very happy that Mrs. Priest's name was sent to the Senate for confirmation and to this committee. She has succeeded a very fine Kansas lady, Georgia Neese Clark, who has been Treasurer and, although she is of the opposite political faith, I am happy that Mrs. Priest has been given this nomination.

Senator WATKINS. I forgot to mention that she is the mother of three lusty young Americans.

The CHAIRMAN. Do you wish to make any further comments, Mrs. Priest?

Mrs. PRIEST. I might say at this point that I am rather proud of those three lusty young Americans.

The CHAIRMAN. Reference was made the other day to grandchildren.

Are you ready to produce any grandchildren?

Mrs. PRIEST. Due to a rather late start in life, I must be satisfied with the three children I now have, but it is better late than never.

The CHAIRMAN. I notice you have established a precedent by setting out your age. I think you have probably overstated rather than understated.

If you have nothing further to say to the committee, you may be excused.

Mrs. PRIEST. Thank you, Senator Millikin.

The CHAIRMAN. We have another lady on the list before the committee, Mrs. Alma Schneider, of Colorado, who unfortunately was unable to come. I have known Mrs. Schneider for many, many years. She has been nominated as Director of the Denver Mint, or Superintendent of the Denver Mint.

Mrs. Schneider, like Mrs. Priest, has been busy in things outside of politics. She, like Mrs. Priest, was very effective in politics. She has been a member of the board of institutions having to do with child welfare and has been a very active, civic-minded lady with a splendid reputation.

I hope that we can overlook the custom of having these candidates present in Mrs. Schneider's case.

Like Mrs. Priest, she is not a lady of means and it would be quite expensive for her to come clear down to Washington from Colorado.

Senator Johnson, can you say a few words for Mrs. Schneider?

Senator JOHNSON. I concur in my colleague's statement. She is a splendid lady and I am especially glad that the Republicans followed



the good example that I set in naming a lady Superintendent of the Mint.

I had the honor of recommending the first lady whoever served as Superintendent of any mint, including the Denver Mint.

Now the Republicans have followed that good example by naming this good lady to that position.

I am very proud to vote for her and hope that she will be confirmed without any difficulty.

The CHAIRMAN. Mr. Marion B. Folsom will be the next witness. Mr. Folsom has been designated to be Under Secretary of the Treasury.

### STATEMENT OF MARION B. FOLSOM, UNDER SECRETARY OF TREASURY-DESIGNATE

The CHAIRMAN. The committee has before it a biography of Mr. Folsom, as well as two letters in his behalf; one from Senator Ives and one from Senator Lehman. Without objection, the three documents will appear in the record at this point.

(The three documents referred to follow:)

#### BIOGRAPHICAL INFORMATION—MARION BAYARD FOLSOM

(Nominated for appointment as Under Secretary of the Treasury)

Treasurer of the Eastman Kodak Co. Born November 23, 1893, MeTae, Ga. Education: University of Georgia, A. B. with honors 1912; Harvard University, M. B. A. with distinction 1914. University of Rochester, LL. D. (Hon.) 1945; New York University, D. C. S. (Hon.) 1950. Hobart and William Smith Colleges, LL. D. (Hon.) 1951. Married Mary Davenport, November 16, 1918; two children: Marion Bayard and Frances.

With Eastman Kodak Co. since 1914: Statistician (1919), assistant to the president (1921), assistant treasurer (1930), treasurer (1935), director (1947). President of the Eastman Savings and Loan Association.

Chairman of the Committee for Economic Development; Director of the Federal Reserve Bank of New York; Member of the National Advisory Board on Mobilization Policy; member (formerly vice chairman) of the business advisory council for the Department of Commerce; member of the National Industrial Conference Board; trustee of the Council of United States Associates of the International Chamber of Commerce; overseer of Harvard College; trustee of University of Rochester.

Trustee (formerly president) of the Rochester Chamber of Commerce; director of Rochester Community Chest; trustee of the Rochester Bureau of Municipal Research.

Member of the President's Advisory Council on Economic Security (1934-35); president of the Rochester Council of Social Agencies (1934-36); employer delegate of the United States to the International Labor Conference in Geneva (1936); member of the Federal Advisory Council on Social Security (1937-38); division executive of the National Advisory Defense Commission (1940-41); member of Regional War Manpower Committee (1942-45); director of the United States Chamber of Commerce (1942-48); staff director, House of Representatives Special Committee on Postwar Economic Policy and Planning of the Seventy-eighth and Seventy-ninth Congresses (1944-46); Vice Chairman of the President's Advisory Committee on the Merchant Marine (1947-48); member of the Social Security Advisory Council of the United States Senate Finance Committee (1948); director of the Lincoln Rochester Trust Co. (1929-49); trustee of the Rochester Savings Bank (1931-49); member of the New York State Advisory Council on Unemployment Insurance (1935-50); director of the Rochester Y. M. C. A. (1930-51).

During the first World War, captain, United States Army (overseas with the Twenty-sixth Division, AEF).

Member of Phi Beta Kappa and Sigma Nu. Presbyterian.

Residence, 106 Oak Lane; Office, 343 State Street, Rochester, N. Y.

UNITED STATES SENATE,  
Washington, D. C., January 23, 1953.

HON. EUGENE D. MILLIKIN,  
Chairman, United States Senate Committee on Finance,  
Senate Office Building, Washington, D. C.

DEAR SENATOR MILLIKIN: Replying to your January 22 communication in reference to Marlon B. Folsom, I am pleased to commend and recommend him as highly as possible. As you will have noted by his Who's Who biography, he is a most distinguished citizen of New York State, residing in Rochester where, since 1935, he has been treasurer of the Eastman Kodak Co. The record of his activities shows that he is civic-minded to an unusual degree.

We in New York State regard him very highly and are greatly pleased to note that he has been nominated for the position of Under Secretary of the Treasury, which I predict he will fill with great distinction.

With very best regards, I remain  
Sincerely yours,

IRVING M. IVES.

UNITED STATES SENATE,  
COMMITTEE ON LABOR AND PUBLIC WELFARE,  
January 23, 1953.

HON. EUGENE D. MILLIKIN,  
Chairman, Committee on Finance, United States Senate,  
Washington, D. C.

MY DEAR SENATOR MILLIKIN: I have your letter of January 22 with regard to Mr. Marion B. Folsom of New York, who has been nominated for the position of Under Secretary of the Treasury.

I take pleasure in saying that I have known Mr. Folsom for a great many years and consider him a man of very high character and great ability.

With kind regards, I remain  
Yours very sincerely,

HERBERT H. LEHMAN.

The CHAIRMAN. Mr. Folsom has been nominated for Under Secretary of the Treasury. He has appeared before this committee a great number of times in connection with social security and other matters.

I think most of us are well acquainted with him.

What have you to say to us, Mr. Folsom?

Mr. FOLSOM. I think you have before you a biographical sketch. I will run over that briefly.

I was born in Georgia, received my education in the University of Georgia and the Harvard School of Business Administration.

I have been with Eastman Kodak Co. from the time I left Harvard Business Schools since 1914. I served as statistician, assistant to the president, assistant treasurer.

I have been treasurer since 1935 and director since 1947. I also served as president of the Eastman Savings and Loan Association.

I have been chairman of the committee for economic development, a director of the Federal Reserve Bank of New York; a member of the National Advisory Board on Mobilization Policy; member and formerly vice chairman of the Business Advisory Council for the Department of Commerce; member of the National Industrial Conference Board; trustee of the Council of United States Associates of the International Chamber of Commerce; overseer of Harvard College; trustee of University of Rochester.

Trustee, formerly president, of the Rochester Chamber of Commerce; director of Rochester Community Chest; trustee of the Rochester Bureau of Municipal Research.

Member of the President's Advisory Council on Economic Security, 1934-35; president of the Rochester Council of Social Agencies, 1934-36; employer delegate of the United States to the International Labor Conference in Geneva, 1936; member of the Federal Advisory Council on Social Security, 1937-38; division executive of the National Advisory Defense Commission, 1940-41; member of Regional War Manpower Committee, 1942-45; director of the United States Chamber of Commerce, 1942-48; staff director, House of Representatives Special Committee on Postwar Economic Policy and Planning of the Seventy-eighth and Seventy-ninth Congresses, 1944-46; Vice-Chairman of the President's Advisory Committee on the Merchant Marine, 1947-48; member of the social security advisory council of the United States Senate Finance Committee, 1948; and made recommendations with regard to changes of the Social Security Act.

I have been a member of the New York State Advisory Council on Unemployment Insurance, 1935-50, for a great number of years, and director of the Lincoln Rochester Trust Co., 1929-49; trustee of the Rochester Savings Bank, 1931-49; director of the Rochester Y. M. C. A., 1930-51. I had to resign both of these directorships in order to become a director of the Federal Reserve Bank in New York.

I served during the First World War. I have resigned as treasurer and director of the Eastman Kodak Co. Also as president of the Eastman Savings and Loan Association.

I resigned as director of the Federal Reserve Bank of New York and also as Chairman of the Committee for Economic Development.

I will receive no compensation from the Kodak Co. or these other organizations after January 1953.

I will receive a wage dividend from Eastman Kodak Co. I better explain what our wage dividend system is.

We have no executive bonus plans in the Kodak Co. We do have a wage dividend plan established by Mr. Eastman in 1912. The rate is based on the common stock dividend. The rate is determined and is applied throughout the whole organization, from the lowest paid man to the highest paid executive and it is rated as applied to the man's earnings for the last 5 years. The wage dividend is to be paid in March of this year based on the earnings up through December 31, 1952, so I will be entitled to that wage dividend because of my service prior to that.

The CHAIRMAN. That is an entirely matured obligation to you?

Mr. FOLSOM. That is right.

The CHAIRMAN. You do not have to perform any further services to get that dividend?

Mr. FOLSOM. That is right.

The CHAIRMAN. There are no restrictions on it?

Mr. FOLSOM. Anyone who served up to that time is entitled to it.

The CHAIRMAN. It requires no further service or duties of any kind to the company?

Mr. FOLSOM. That is correct. I also have rights in the pension plan. I have been with the company for 38 years and I have accumulated pension rights which mature ordinarily at age 65, but under our plan a person at age 60 would be entitled to receive the annuity and, if I reach 60, if I choose to, I can receive the annuity or wait until I am 65.

The CHAIRMAN. Does the annuity carry any obligation to the company?

Mr. FOLSOM. It is fully paid with the Metropolitan Life Insurance Co. and I am entitled to it and have a vested right in it because of prior service.

The CHAIRMAN. No restrictions of any kind?

Mr. FOLSOM. That is right.

The CHAIRMAN. Do you have any stock interests?

Mr. FOLSOM. I hold 1,750 shares of stock of Eastman Kodak Co. It is valued at approximately \$78,000. I also have investments in 10 or 12 other companies, none amounting to as much as \$15,000.

I have not felt because of the relatively small amount of those holdings and because I will not have anything to do with procurement or have any direct dealings with Kodak Co. or others, that it was necessary for me to sell these securities.

The CHAIRMAN. Do you know of any problems that the companies you have associated with have had with the Bureau?

Mr. FOLSOM. I know of none and if I found out about the same later, I would see that someone else handled those.

The CHAIRMAN. You say you will have no procurement duties so far as you are aware?

Mr. FOLSOM. None that I know of.

The CHAIRMAN. Specifically you will not have any procurement duties so far as any of these companies are concerned with which you have been associated?

Mr. FOLSOM. That is right.

The CHAIRMAN. Senator George.

Senator GEORGE. Senator Millikin, Mr. Folsom is well known to the committee. He was born in my State and in the lower portion of the State. We have been very proud of his success in the State. He has been away from the State, of course, for quite a long number of years, but he has been intimately associated in Government, both with this committee and with House committees and is very well known, I think, to Members of the House and Senate who have served on Finance, and in the Ways and Means Committee in the House, where there is a planning committee in the House.

I have no hesitancy in endorsing Mr. Folsom as being quite capable and quite able to discharge the duties to which I understand he will probably be assigned; largely in matters of taxation, social security, and related matters in the Treasury Department.

I am happy to commend Mr. Folsom to the committee.

The CHAIRMAN. Thank you.

Senator Butler.

Senator BUTLER. No questions.

The CHAIRMAN. Senator Martin.

Senator MARTIN. No questions.

The CHAIRMAN. Senator Williams.

Senator WILLIAMS. No questions.

The CHAIRMAN. Senator Flanders.

Senator FLANDERS. I would like to say I have had a long acquaintanceship and have worked with Marion Folsom for quite a number of years.

Anyone who has worked with him has a high regard for his character and his unusual abilities. I think the United States is fortunate to be able to make use of those abilities in so high a position.

The CHAIRMAN. Thank you, Senator.

Senator BYRD.

Senator BYRD. Mr. Folsom, as I understand your opening statement, there is no conflict of interest under section 434. You are familiar with that section?

Mr. FOLSOM. Yes.

Senator BYRD. There is no business relation that you will have in the way of transaction of business with any company in which you have a financial interest?

Mr. FOLSOM. If any should occur, as I said, I would not deal with it.

Senator BYRD. There is nothing that comes within your ordinary duties that would occasion such a transaction of business?

Mr. FOLSOM. None that I know of.

Senator BYRD. That is all.

The CHAIRMAN. Senator Johnson.

Senator JOHNSON. No questions.

The CHAIRMAN. Senator Hoey.

Senator HOEY. No questions.

The CHAIRMAN. Senator Kerr.

Senator KERR. You are familiar with the reorganization plan that the Congress had submitted to it, by the President, last year?

Mr. FOLSOM. In a general way.

Senator KERR. Do you have any opinion as to its merit or whether it should be kept or changes made?

Mr. FOLSOM. I would not care to express opinion on that, Senator, until I have gone into it a little more thoroughly.

All I know about it now is what I have seen in the papers and I would like to study it a little more carefully before I expressed an opinion on it.

Senator KERR. You do not think what you have seen about it in the papers would be an accurate appraisal?

Mr. FOLSOM. Not that, but I just have not had enough opportunity to study it.

Senator KERR. That is all.

The CHAIRMAN. Senator Frear.

Senator FREAR. I want to congratulate him on being a member of two fine fraternities and I think that would qualify him for fulfilling this job.

The CHAIRMAN. Senator Malone.

Senator MALONE. No questions.

The CHAIRMAN. Senator Carlson—

Senator CARLSON. No questions.

The CHAIRMAN. Senator Bennett—

Senator BENNETT. I just want to add my personal approval and the feeling that in securing Mr. Folsom's services, the Treasury has greatly strengthened its staff.

The CHAIRMAN. Thank you, Senator. Have you anything further to say, Mr. Folsom?

Mr. FOLSOM. No.

**STATEMENT OF H. CHAPMAN ROSE, ASSISTANT SECRETARY OF  
TREASURY-DESIGNATE**

The CHAIRMAN. Our next witness will be Mr. H. Chapman Rose, Assistant Secretary of Treasury-designate. The occupational record of Mr. Rose will be included in the record at this point, as well as letters of approval from Senators Taft and Bricker.

(The documents referred to follow:)

**ROSE, H. CHAPMAN**

(Nominated for appointment as Assistant Secretary of the Treasury)

Birth place: Columbus, Ohio.  
 Birth date: February 11, 1907. Present age, 45.  
 Education: A. B. Princeton University, 1928; J. J. B. Harvard University, 1931.  
 Occupational record: 1931 to 1932: secretary to Oliver Wendell Holmes, Associate Justice, United States Supreme Court. 1933 to 1938: With law firm—predecessor to Jones, Day, Cockley & Reavis, Cleveland, Ohio. 1939 to 1942: Partner, law firm of Jones, Day, Cockley & Reavis, Cleveland, Ohio. July 1942 to December 1945: Entered United States Army as captain and discharged as colonel. February 1946 to October 1946: Director, Office of Contract Settlement, Washington, D. C. October 1946 to present: Partner, law firm of Jones, Day, Cockley & Reavis, Cleveland, Ohio, and Washington, D. C. Mr. Rose is also director, Jack & Heintz, Inc., T. H. Jones & Co., and secretary, director, Brush Beryllium Co.

UNITED STATES SENATE,  
 COMMITTEE ON BANKING AND CURRENCY,  
 Washington, D. C., January 23, 1953.

HON. EUGENE D. MILLIKIN,  
 Chairman Committee on Finance,  
 United States Senate, Washington, D. C.

DEAR GENE: In response to your inquiry concerning H. Chapman Rose, he is one of the ablest lawyers in Ohio. He has been a fine personal friend; I have known his mother and father and remember his grandfather well. You could search the country and not find an abler and more forthright lawyer.

He was a brilliant student both at Princeton and at Harvard and has lived up to the high record he established at that time in his personal life.

I most heartily endorse Chapple Rose.

Yours sincerely,

JOHN W. BRICKER.

UNITED STATES SENATE,  
 Washington, D. C., January 24, 1953.

HON. EUGENE D. MILLIKIN,  
 Chairman, Committee on Finance,  
 United States Senate, Washington, D. C.

DEAR SENATOR MILLIKIN: Replying to your letter of January 22, I am glad to recommend to you the confirmation of the nomination of H. Chapman Rose of Ohio to be Assistant Secretary of the Treasury.

Mr. Rose is eminently qualified for the job in every way.

With kindest regards,

Sincerely yours,

ROBERT A. TAFT.

Mr. ROSE. I believe that my biographical statement has been distributed to the committee. If you like, Senator, I will run over it.

The CHAIRMAN. If you will, please.

Mr. ROSE. I was born in Columbus, Ohio, in 1907. I was educated there and I took my A. B. degree at Princeton University, 1928, and received my law degree at Harvard Law School in 1931.

In 1931 and 1932, I was secretary to Mr. Justice Holmes in the United States Supreme Court. I then went to Cleveland and was admitted to the bar there in early 1933.

I joined the law firm I was connected with at that time, then named Tolls, Hogson and Ginn, the predecessors to the firm I just resigned from. I was associated with them for 5 years and then became a partner beginning in 1939. I left that firm in 1942 to enter the Army.

The CHAIRMAN. Was Mr. Day the former Justice Day, or his son?

Mr. ROSE. His son. Mr. Leather Day has been my partner.

I was in the Army from July of 1942 until December of 1945. I was discharged from the Army with the rank of colonel at that time. Then I became for a brief period director of the Office of Contract Settlement and served in that capacity from January or February of 1946 until October of 1946. I then reentered my law firm, the name of which has been for some time Jones, Day, Cockley and Reavis, and have been a partner in that firm to January 1 of this year, at which time I resigned from it and severed my connection from it in the light of my forthcoming association with the Treasury.

I have been a director of three business firms in Cleveland; Jack & Heintz, T. H. Jones & Co., and the Brush Beryllium Co., from all of which directorships I have resigned.

The CHAIRMAN. Are you familiar with the laws that have to do with conflict of interest?

Mr. ROSE. Yes, sir; I have been.

The CHAIRMAN. Do you have any conflicts under those laws?

Mr. ROSE. No, sir; I do not believe so. My only substantial stock interest is a holding of between 4,500 and 5,000 shares of stock of Jack & Heintz, but I know of no conflict of interest there. There are no procurement dealings of Jack & Heintz with the Treasury.

The CHAIRMAN. What is the value of those shares?

Mr. ROSE. About \$6 a share.

The CHAIRMAN. How many shares have you?

Mr. ROSE. Between 4,500 and 5,000.

The CHAIRMAN. What other stockholdings have you?

Mr. ROSE. I have three shares of a firm known as the Globe Iron Co. It is an iron-manufacturing company in Jackson, Ohio, which has been in my family since my grandfather's time. I have two shares in the National City Bank of Cleveland which I acquired in the reorganization of the Union Trust Co. which failed there in 1933, and I have 100 shares of a small oil company known as Rainbow Oil Co.

The CHAIRMAN. Do any of those companies with which you have been associated have any pending business with the Government, insofar as you know?

Mr. ROSE. Of course, they all filed tax returns and have the usual tax situation.

The CHAIRMAN. Are any of them in conflict and have to reach the top level for decision?

Mr. ROSE. Not that I know of, sir.

In addition, I might add that my duties, as I understand them, will not be concerned with the handling of tax matters.

The CHAIRMAN. What will your duties be as you understand them?

Mr. ROSE. Well, roughly corresponding, sir, to the position that Mr. John Graham held, which as presently assigned has to do with the Coast Guard, the Bureau of Customs, the Bureau of the Mint, and

the Bureau of Engraving and Printing. I believe those are the administrative responsibilities that that job now has in the Treasury set-up.

The CHAIRMAN. As you see your duties, are there any procurement angles?

Mr. ROSE. Very minor ones, if any, in connection with such procurement as the Coast Guard might do that might be administratively connected with that office, but I have understood that most of the Coast Guard procurement and practically all of it was done by the Navy.

The CHAIRMAN. Will you have anything to do with Customs matters?

Mr. ROSE. As the Treasury is presently organized, as I understand it, the Bureau of Customs is subject to that office, although I do not know that that is to be permanent.

The CHAIRMAN. If that should be the case, do you see any conflict between any of your interests, past interests, or present interests and problems that might arise out of customs?

Mr. ROSE. No, sir; I do not. None of these firms are in the importing or exporting business that I know of.

The CHAIRMAN. Have you given us a complete run-down on your stockholdings?

Mr. ROSE. Yes, sir. I might mention one other financial interest which I have which I am disposing of for a reason which I will state. I have a minor investment in several oil leases. The reason why I am disposing of them--I think the cost value is something like \$30,000 in all. There is, as you are aware, section 243, title 5, which applies specifically to the Secretary of the Treasury and one or two other designated officials of whom I am not one, which prohibits being concerned or interested in the carrying on of trade or business. I doubt that that statute would be constituted as applying to me.

The CHAIRMAN. Is the oil investment on public lands?

Mr. ROSE. No, sir; but to avoid the raising of any possible question I am, of course, disposing of those.

The CHAIRMAN. Do you and your family own actual control or practical control of any corporation?

Mr. ROSE. No, sir.

The CHAIRMAN. Any business outlet of any kind?

Mr. ROSE. No, sir.

The CHAIRMAN. Senator George.

Senator GEORGE. Mr. Rose, were you private counsel or attorney for the new Secretary of the Treasury in your practice?

Mr. ROSE. My firm had been counsel for M. A. Hanna Co. for a number of years, and in recent years I have personally been active in the matters of the M. A. Hanna Co. and affiliated companies; yes, Senator George.

Senator GEORGE. You are, therefore, very well acquainted with Secretary Humphreys?

Mr. ROSE. I have been; yes, sir.

Senator GEORGE. I have no further questions.

The CHAIRMAN. Senator Butler.

Senator BUTLER. I have no questions.

The CHAIRMAN. Senator Martin.

Senator MARTIN. No questions.



The CHAIRMAN. Senator Byrd.

Senator BYRD. What is the character of business of Jack & Heintz?

Mr. ROSE. They make electrical equipment for airplanes such as generators, alternators, and other components for aircraft.

Senator BYRD. They do not deal with the Coast Guard, and I understand they obtain their things through the Navy.

Mr. ROSE. I have checked that and find no record that the company ever dealt with the Coast Guard.

Senator BYRD. You are familiar with this section 434?

Mr. ROSE. Yes, sir.

Senator BYRD. And you know of no conflict of interest that could occur?

Mr. ROSE. I do not.

The CHAIRMAN. Senator Johnson.

Senator JOHNSON. No questions.

The CHAIRMAN. Senator Williams.

Senator WILLIAMS. No questions.

The CHAIRMAN. Senator Flanders.

Senator FLANDERS. No questions.

The CHAIRMAN. Senator Malone.

Senator MALONE. No questions.

The CHAIRMAN. Senator Carlson.

Senator CARLSON. No questions.

The CHAIRMAN. Senator Bennett.

Senator BENNETT. No questions.

The CHAIRMAN. Senator Hoey.

Senator HOEY. No questions.

The CHAIRMAN. Senator Kerr.

Senator KERR. No questions.

The CHAIRMAN. Senator Frear.

Senator FREAR. In your duty as a member of the Armed Forces from 1942 to 1945, what were they, sir?

Mr. ROSE. I was in the Office of the Under Secretary of War to begin with, and then in the Headquarters of Army Services Forces, in what really was a procurement law office for the Headquarters of the War Department.

Senator FREAR. Was that service continental?

Mr. ROSE. It was in this country.

Senator FREAR. Jack & Heintz have no disagreement with the Bureau of Internal Revenue in any form that you know of?

Mr. ROSE. I assume they have the usual tax problems that corporations have, sir.

Senator FREAR. I am not sure that I have the right company or not, but I recall sometime back reading of a company which I thought was Jack & Heintz.

Mr. ROSE. Let me explain. During the war it had a rather flamboyant history. The originators of the company, Mr. Jack and Mr. Heintz, sold it out at the end of the war to a group that was largely based in New York, who ran it for a time somewhat unsuccessfully, and then a Cleveland group went into the management. So, the management is now entirely disassociated from the wartime management.

Mr. Jack and Mr. Heintz have, I believe, none; but, if they have any interest, it is very minor in the firm now.

Senator FREAR. When did your interest start with Jack & Heintz? When did you become a director?

Mr. ROSE. I believe early in 1948.

Senator FREAR. Since the reorganization by the Cleveland group?

Mr. ROSE. Yes. I was a part of the Cleveland group that went in at that time.

Senator FREAR. Thank you.

The CHAIRMAN. Would you mind reviewing again what your stock-holdings are in Jack & Heintz?

Mr. ROSE. Between 4,500 and 5,000 shares, sir. My wife has another 2,000 shares, approximately.

The CHAIRMAN. And you testify the present value is?

Mr. ROSE. About \$6 per share.

The CHAIRMAN. And you have resigned as a director?

Mr. ROSE. Yes. I was a member of the executive committee and resigned from that, too.

The CHAIRMAN. Is there any further question?

Have you something further to say, Mr. Rose?

Mr. ROSE. No, sir.

The CHAIRMAN. We will excuse you. Thank you.

#### STATEMENT OF MR. ELBERT P. TUTTLE, GENERAL-COUNSEL-DESIGNATE, DEPARTMENT OF THE TREASURY

The CHAIRMAN. The next witness will be Mr. Elbert P. Tuttle, general-counsel-designate, Department of the Treasury.

Without objection, Mr. Tuttle's occupational record will appear in the record at this point.

(The document referred to is as follows:)

TUTTLE, ELBERT P.

(Nominated for appointment as general counsel for the Department of the Treasury)

Birth place: Pasadena, Calif.

Residence: Georgia.

Birth date: July 17, 1897. Present age, 55.

Education: A. B., Cornell University, 1918; LL. B., Cornell University Law School, 1923.

Occupational record: Entered law practice in Atlanta, Ga., in 1923. Is at present a member of the law firm of Sutherland, Tuttle & Brennan, with law offices in Atlanta and Washington, D. C. In 1949 he was president, Atlanta Chamber of Commerce. He is a member of the Georgia and American Bar Associations. Was president of the Atlanta Bar Association in 1947-48. He was in the military service for five years during World War II, entering on active duty as a National Guard major and had service in the Pacific theater. He is now a brigadier general in the United States Army Reserve.

The CHAIRMAN. Mr. Tuttle, will you tell us about yourself.

Mr. TUTTLE. I was born in California, Senator, and soon went to Honolulu, where I was raised. From Honolulu I went to college at Cornell University and graduated in 1918. I went from there to the First World War and served briefly in the Air Force. After the war I went back to Cornell to study law, and graduated from Cornell in 1923.

From 1923 to date—that is, to January 15 last week—I practiced law in Atlanta, originally, and subsequently in Atlanta and Washington in the firm of Sutherland, Tuttle & Brennan.

Although I personally was not specializing in Federal tax, our firm emphasized Federal tax matters very largely.

I have already resigned from that firm. The obligation that the firm owes me for my past interest and for my interest in earned but uncompleted matters has been liquidated on a dollar value so that no activities of the firm from now on will in any way inure to my benefit.

The CHAIRMAN. You have no connection with the firm, either as a lawyer or financially, except in the collection of these liquidated amounts.

Mr. TUTTLE. They are open accounts standing in my name on the firm books which are liquidated in amount; yes, sir.

The CHAIRMAN. That has all been closed and agreed to?

Mr. TUTTLE. Yes, sir, as of January 15.

I felt it appropriate also to have the new firm remove my name from the firm's name. After 30 years it is a little difficult to make that decision, but it seemed appropriate; therefore, the new firm name will not even have my name in it. I have no connection whatever with the firm of Sutherland, Tuttle & Brennan as it existed up to January 15, or the firm as it now exists.

The CHAIRMAN. Mr. Sutherland is well known to this committee.

Mr. TUTTLE. I am sure he has been before your committee.

The CHAIRMAN. Do you have any stock interests that might prove embarrassing or any other kind of financial interests?

Mr. TUTTLE. No, sir. I have disposed of all stock I have owned of any kind, which was not large, except stock in a purely local Georgia company called Southern Mills, Inc., which is a manufacturer of laundry textiles, and I think they have never dealt with the Federal Government.

The CHAIRMAN. Do you have a controlling interest, actual or technical?

Mr. TUTTLE. No, sir. It is a very small interest.

The CHAIRMAN. Does it have a dollar value?

Mr. TUTTLE. I would say about \$10,000.

The CHAIRMAN. You have no other stock interest or property interests which come to your mind?

Mr. TUTTLE. None at all except equities in my home and real estate. No business interests of any kind.

The CHAIRMAN. Does your family have any?

Mr. TUTTLE. None, at all.

The CHAIRMAN. Senator George.

Senator GEORGE. Mr. Chairman, Mr. Tuttle is a distinguished citizen of my State. His appointment or selection by the President as general counsel for the Treasury has been the subject of many commendatory editorials in newspapers throughout the State. All of the leading papers throughout the State have commended the appointment of Mr. Tuttle in the highest of terms. Mr. Tuttle was and will be, at the time of his retirement, in charge more or less of the general practice of his law firm, rather than doing special tax work, although the firm did a great deal of tax business in Federal tax cases.

As I have known Mr. Tuttle throughout the years, he has handled the general practice in the firm. He is a lawyer of real distinction and a man of very high character. He is a lifetime member of the now

majority party in the House and Senate. He told you himself that he went to Cornell, and I think you may assume that no Democrat from the South could get into Cornell University 30 years ago.

I believe you are still on the board up there; are you not?

Mr. TUTTLE. I am a trustee at Cornell University.

Senator GEORGE. Mr. Tuttle is unquestionably a fine selection for this particular office in the Treasury, or any other office.

I may say this of Mr. Tuttle; that, while he has been active in politics, he has never sought office. I was very much surprised when he even agreed to accept office. I know of course that his firm desired to retain him, and his clientele and general customers throughout the State were anxious to keep him, but Mr. Tuttle did agree to take the general counselship of Treasury. I commend him most highly to this committee.

The CHAIRMAN. Thank you, Senator George.

You have received an endorsement that anyone could be proud of.

Mr. TUTTLE. Of course I appreciate it, sir. It is very nice.

The CHAIRMAN. If any of your old associates should penetrate themselves up into the Treasury levels, how would you handle yourself?

Mr. TUTTLE. First, understand I would have no financial stake in it. I would hope that I would never see the name of the new firm come across my desk. Should it come across my desk, I would take no action with respect to it. There are no responsibilities placed on the general counsel of the Treasury as such with respect to these financial matters. It is a function of the Secretary of the Treasury.

The office has a sufficient staff of assistant general counsels, and some function that the Secretary would want to be performed by the counsel's office would be performed by an assistant general counsel.

The CHAIRMAN. He has authority to delegate any particular job to any person in his service?

Mr. TUTTLE. That is right. All action has to be taken in his name, as a matter of fact.

The CHAIRMAN. You would take affirmative steps to see that you did not decide on any policy or other matter that came up through your old firm?

Mr. TUTTLE. Yes.

The CHAIRMAN. Senator Hoey.

Senator HOEY. No questions.

The CHAIRMAN. Senator Johnson.

Senator JOHNSON. No questions.

The CHAIRMAN. Senator Byrd.

Senator BYRD. No questions.

The CHAIRMAN. Senator Frear.

Senator FREAR. No questions.

The CHAIRMAN. Senator Bennett.

Senator BENNETT. No questions.

The CHAIRMAN. Senator Carlson.

Senator CARLSON. No questions.

The CHAIRMAN. Senator Malone.

Senator MALONE. No questions.

The CHAIRMAN. Senator Flanders.

Senator FLANDERS. No questions.

The CHAIRMAN. Senator Williams.

Senator WILLIAMS. No questions.

The CHAIRMAN. Senator Martin.

Senator MARTIN. No questions.

The CHAIRMAN. Senator Butler.

Senator BUTLER. I have nothing, except to repeat what the chairman said, that an endorsement by Senator George is all any man needs to get in order to have approval in this committee.

Mr. TUTTLE. Thank you.

The CHAIRMAN. Is there anything further?

Mr. TUTTLE. Nothing except I appreciate the opportunity to appear before you.

The CHAIRMAN. You have a tremendous job in a field where, I suggest, there is much room for improvement and I have no doubt but what you will bring those improvements into your service.

The job that Mr. Tuttle has, in my opinion, is second in importance to that of Solicitor General of the United States. We have had occasion in this committee to study the range of your duties and we know how wide they are and how important they are. It is apparent the committee thinks you are up to the job.

You may be excused.

Mr. TUTTLE. Thank you, sir.

### STATEMENT OF T. COLEMAN ANDREWS, COMMISSIONER OF INTERNAL REVENUE-DESIGNATE

The CHAIRMAN. We will next hear from Mr. T. Coleman Andrews, Commissioner of Internal Revenue-Designate.

The committee has before it a letter from Senator Robertson in behalf of Mr. Andrews, as well as his occupational record. Without objection, these two documents will appear in the record at this point.

(The two documents referred to follow:)

#### ANDREWS, T. COLEMAN

(Nominated for appointment as Commissioner of Internal Revenue)

Birthplace: Richmond, Va.

Birth date: February 19, 1899. Present age, 53.

Education: Educated in public schools in Richmond, Va.

Occupational record: 1916-18: Held various positions from office boy to office manager, Richmond, Va.

1918-22: Accountant to chief accountant, F. W. LaFrauz & Co., certified public accountants, Richmond, Va.

1922 to present: Founder and senior partner, T. Coleman Andrews & Co., certified public accountants, Richmond and Roanoke, Va.

1931-33: Auditor of public accountants of Virginia.

1933: Accounting member, Utilities Rate Study Commission, Commonwealth of Virginia.

1938-40: Comptroller for the city of Richmond, Va.

1941: On staff of Director of Fiscal Division, Office of Under Secretary of War, United States War Department.

1942: Member of staff of Contract Renegotiation Division, Office of Under Secretary of Navy, United States Navy Department.

1943: Chief Accountant and Transportation Director, North African Economic Board, Algiers.

1944-45: United States Marine Corps, Fourth Marine Aircraft Wing, Pacific Theater. Discharged as a major.

1945-47: Organizer and first Director, Corporation Audits Division, United States General Accounting Office.

1948: Chairman, Accounting and Auditing Study Group, Commission on Organization of Executive Branch of Government, Hoover Commission.

Mr. Andrews is also a partner of Bowles, Andrews & Towne, actuaries and pension specialists of Richmond, Atlanta, and New York, and a partner of Andrews & Howell, management engineers, of Richmond and Washington.

Mr. Andrews also has served as president of the American Institute of Accountants.

UNITED STATES SENATE,  
COMMITTEE ON BANKING AND CURRENCY,  
January 25, 1953.

HON. EUGENE D. MILLIKIN,  
Chairman, Committee on Finance,  
United States Senate,  
Washington, D. C.

DEAR MR. CHAIRMAN: In response to your inquiry of the 23d concerning T. Coleman Andrews, of Richmond, Va., nominated to be Commissioner of Internal Revenue, I am pleased to recommend his confirmation. I have personally known Mr. Andrews for more than 20 years. He is a man of real ability, of great energy, of personal courage and high integrity.

As a certified public accountant doing tax work for a large clientele Mr. Andrews has gained familiarity with our tax laws. He has held positions with our State government and with our Federal Government through which he has gained familiarity with governmental operations at both levels and with the fundamental principles of good administration.

With best wishes, I am  
Sincerely yours,

A. WILLIS ROBERTSON.

Senator MARTIN. Mr. Chairman, I would like to also state that the applicant just before us is a general officer in the Reserve Corps of the United States Army.

Senator BUTLER. That is Mr. Tuttle?

Senator MARTIN. Yes.

The CHAIRMAN. Mr. Andrews, will you be seated, please?

What have you to say, sir?

Mr. ANDREWS. I take it, Senator, that you gentlemen want to know all that I can tell you about myself so I will give it to you as briefly as I can.

I was born in Richmond, Va.—first perhaps I should say my full name is Thomas Coleman Andrews.

I was born in Richmond, Va., and have lived there all my life so far. I was born on the 19th of February 1899. I was educated in the public schools of Richmond, Va.

At that point perhaps I ought to point out that there has been at least one error as to my educational background and that is that I am a graduate of the University of Richmond. That is not true. I went to the University of Richmond in 1918 as a member of the then Student Army Training Corps of the Army. I was there but a short time. The university claims me as an alumnus which is flattering to me but I do not happen to be a college educated person.

Upon leaving college I went to work as an office boy. I held various jobs in Richmond with various firms there until I went into service and then came out and joined the public accounting firm with whom I served for 4 years and in 1922 I established my own accounting practice under the name of T. Coleman Andrews & Co. I have been the senior partner of that firm ever since.

From 1931 to 1933 I was auditor of public accountants of Virginia, having accepted that office by invitation of our then Governor Pollard, John Garland Pollard, to reorganize the auditor's office and reestablish

the administrative procedures for the counties of the Commonwealth, and other duties.

Following that, I served as a member of a utilities rate commission that made a study of utility rates in Virginia. Then in 1938 to 1940 I took leave of my practice again, to serve as comptroller and director of finance in the city of Richmond.

In 1941 I joined the staff of the Fiscal Division of the War Department. I served there, as I recall it, for 8 or 9 months.

I went from there to the Office of Contract Renegotiation of the Navy Department and stayed there until the early part of 1943 when I was commissioned captain in the Marine Corps.

Shortly after being assigned to duty with the Marine Corps I was loaned by the Marine Corps to the State Department for service with the North African Economic Board in Algiers and North Africa, generally. I was in Africa for most of 1943 and my title was chief accountant and transportation director, the latter title having come toward the latter part of my duty there because of the retirement of the officer who was transportation director in the first place. However, in that situation I did a little bit of everything as most people do when they are in a theater of operations.

Upon completing that duty I came back and went through the officer's training school at Quantico and then was assigned to the Fourth Marine Aircraft Wing in the Pacific where I served on the general staff as G-2 until about mid-1945 when I was ordered back to Washington to undertake the organization of the Corporation Audits Division of the General Accounting Office. I stayed in that position as Director until 1947—about December 30, 1947, I think it was, when I thought that my job there was finished, and went back to my practice again.

In 1948 I served as Chairman of the Accounting and Auditing Study Group of the Hoover Commission and then in 1949 I organized or was one of the organizers of the firm of Bowles, Andrews, and Towne, which are actuaries and pension specialists. I have been a member of that firm ever since.

In 1950 to 1951 I served as president of the American Institute of Accountants. In 1952, the middle of last year, I was one of the organizers of the firm of Andrews and Howell, management engineers.

Of course, in the position which I now have been asked to take, I will resign, or I have resigned as a matter of fact, from all of these firms.

**The CHAIRMAN.** Do you retain any financial interest in them?

**Mr. ANDREWS.** None at all. I have disposed of my interest to my partners in each case and I will have no interest in the firms. My resignation takes effect when I go into office. I will have no interest direct or indirect in the firm whatsoever.

I might also add, of course, that as Commissioner of Internal Revenue I will deal with income taxes which affects some 69 million taxpayers, I believe it is now, or something over that figure. Naturally some of those taxpayers are going to be people that my firm has served in the past. There will be people that the surviving firm will serve. I feel as a matter of propriety the thing for me to do in those cases would be to eliminate myself from consideration of any matter that might affect any of those firms or clients, even though I am out of the firm. I intend to do that.

The CHAIRMAN. Mechanically you think that would be entirely practical? That is, mechanically within your own organization?

Mr. ANDREWS. I understand it will be, sir.

The CHAIRMAN. Does your firm have any important cases pending at the present time?

Mr. ANDREWS. There are, I imagine, two or three that are pending.

I might say though, Senator, with regard to the tax practice of the firm, not for 20 years have I had any particular interest in tax practice. That has always been handled by the second partner in the firm and I have devoted myself primarily to management matters. I have been the executive partner of the firm, and I have handled the management engineering work of the firm, primarily. There has only been one tax case that I can recall in which I have even participated in the last 10 years. That is directly handling it.

Frankly, I know little about any of the other cases that are pending.

The CHAIRMAN. The obligation of your firm to you, has that been completely liquidated?

Mr. ANDREWS. No, it has not been completely liquidated in the sense that cash has passed. It has been arranged on the basis that the surviving partners will owe me the amount of my interest in the firm, a substantial portion of which, however, will be liquidated during the year and the remaining over a period of 5 years.

The CHAIRMAN. Do you have to do anything in order to get the liquidated money?

Mr. ANDREWS. No, sir. I have no obligations to the firm whatsoever.

The CHAIRMAN. Are you an officer or director of any corporations or businesses?

Mr. ANDREWS. I am a director of a local company in Richmond. Whether I keep that is not particularly important.

The CHAIRMAN. How large is your interest in it?

Mr. ANDREWS. I have no interest in it whatsoever. I serve on the board as a courtesy to the owners.

The CHAIRMAN. Does the company have any relations with the tax department of the Government?

Mr. ANDREWS. Nothing other than the ordinary relationships. They have never had any serious tax problems that I know of and I do not suspect there will be.

The CHAIRMAN. How large a business is it?

Mr. ANDREWS. It does about \$2 million worth of business a year.

The CHAIRMAN. What kind of business?

Mr. ANDREWS. It is in the rubber business.

The CHAIRMAN. Does it have a contract with the Government?

Mr. ANDREWS. No, sir.

The CHAIRMAN. It has no contracts with the Government?

Mr. ANDREWS. No, sir.

The CHAIRMAN. Senator George.

Senator GEORGE. I have no questions.

The CHAIRMAN. Senator Butler.

Senator BUTLER. I have no questions.

The CHAIRMAN. Senator Byrd.

Senator BYRD. Mr. Chairman, I would like to say that Mr. Andrews is one of the outstanding citizens of Virginia. His nomination to



this office received as widespread and complete universal approval as any that has come to my attention.

I have known Mr. Andrews for many years. I had close association with him when I was Governor of Virginia, which was 25 years ago. I know what success my administration had at that time, largely with the support of citizens of my State who aided me in the different problems that I had.

I have always felt a peculiar obligation to Mr. Andrews for his counsel and assistance during that time.

He was then appointed by my successor, John Garland Pollard, one of the best Governors Virginia ever had, as auditor of public accounts. He rendered a fine service. I recall that Governor Pollard shortly before his death told me how gratified he was with the excellent service Mr. Andrews rendered. I have known him all these years and up to this date I have never heard anything to his detriment and I hope and believe I never will.

I want to say, Mr. Chairman, that I think the United States Government should be very thankful, the citizens should be very thankful that we can have a man of Mr. Andrews' capacity in this very important position. I heartily endorse his nomination.

The CHAIRMAN. You have received a mighty potent endorsement.

Mr. ANDREWS. I am grateful to the Senator.

The CHAIRMAN. Senator Martin.

Senator MARTIN. Mr. Chairman, I have known Coleman Andrews for more than 20 years. When he was auditor of the Commonwealth of Virginia, I held a fiscal office in the Commonwealth of Pennsylvania. Our work in the organization of those groups throughout the country brought us very close together. I was president of the group and he was a member of the executive committee and I got to know him very well. I have observed his work since then. I have been so impressed with him that upon three or four occasions while I have been United States Senator I have consulted him because I felt that he had governmental ability that was worth while. I think his is a very fine appointment.

Mr. ANDREWS. Thank you, Senator.

The CHAIRMAN. Senator Johnson.

Senator JOHNSON. I yield to Senator Kerr. I hope he will ask some questions along the line of his questions a few moments ago.

The CHAIRMAN. Senator Kerr.

Senator KERR. Mr. Andrews, you are familiar with the reorganization plan of the Bureau of Internal Revenue submitted to the Congress by the President last year?

Mr. ANDREWS. I am just generally familiar with it, Senator. I have never studied it closely or intimately.

Senator KERR. When did you begin to think that you might be associated with it?

Mr. ANDREWS. About a month ago, sir.

Senator KERR. In that time you have not familiarized yourself with it?

Mr. ANDREWS. No, sir. There have been a great many things over there that I have to be familiar with and it is rather difficult to know where to start.

Senator KERR. Are you familiar generally with the changes brought about by the reorganization plan?

Mr. ANDREWS. Yes, sir, I am generally familiar with it.

Senator KERR. Do you favor the plan as submitted and approved last year?

Mr. ANDREWS. Frankly, I did not follow the debate on the reorganization. I thought Congress would do what they felt was proper to do and that what they did do would be right and what I might have thought of it at that time probably would not make any difference anyhow. However, I would like to reserve judgment as to whether or not I think some changes might be made. Certainly it ought to be given a chance to see whether it is right or whether it is not.

Senator KERR. Do you have the feeling or impression that one of the changes resulted in the selection of key officials under the merit system under classified civil service, rather than by being appointed by political selection?

Mr. ANDREWS. I am generally favorable to the use of the merit system. As to this particular situation I see no reason why it should not work as well here as it would elsewhere.

Senator KERR. Suppose for your information I were to tell you that was one of the principal features of the reorganization plan, that key personnel would be and since have been selected on the principle of the merit system, rather than by political recommendation. Does that generally conform with the impression which you have of it?

Mr. ANDREWS. Yes, sir.

Senator KERR. What would be your attitude about seeing how the plan as now in existence works?

Mr. ANDREWS. I think it ought to be given a chance, Senator, and I do not think anybody ought to condemn it just on a first look. I think we have to work with it to find out whether we think it is good or whether it is not.

Senator KERR. Do you think you will work with it to find whether it is good or work with it a while before we condemn it?

Mr. ANDREWS. Work with it a while before what, sir?

Senator KERR. I did not understand whether you felt we should work with it before we condemned it or work with it a while to find out how it works.

Mr. ANDREWS. I think we should work with it to find out what we really should do about it. I think that would be the only fair way to approach it.

Senator KERR. Generally speaking, what would be your attitude toward the principle that is exemplified?

Mr. ANDREWS. I would say that if it results in the expeditious disposition of tax controversies between the Government and taxpayers, it is good. If it does not do that, then I think it would be the duty of the Commission to come and tell the Members of Congress that or tell his superiors that and let them look at it. I think you would have to find that out. Nobody knows now.

Senator KERR. After working with it, suppose you felt it needed certain changes. Would your disposition be to discuss that or to make those recommendations available to this committee and the appropriate committee in the House before action was taken?

Mr. ANDREWS. I certainly think that should be done, yes, sir.

Senator KERR. I believe that is all.

Mr. ANDREWS. I feel it would be the duty of the Commissioner to let this committee and the appropriate committee in the House know if he had any disagreement.

Senator KERR. Basically, then, you think it would be wholesome if your vote was to give it a chance and help make it work, if it is worthy?

Mr. ANDREWS. Yes, sir; I definitely feel that way.

The CHAIRMAN. Senator Hoey.

Senator HOEY. Mr. Chairman, I have no questions to ask Mr. Andrews. I think he is a capable man and a very fine appointment.

I did not want to let this opportunity pass to say, however, that I was one of those who opposed the reorganization in the Department. I did not think it was a good thing to do. Now, of course, it having been adopted I think it should be given a fair trial to see whether or not it works and whether or not it is the best way to handle it.

I merely wanted to make that comment in passing.

The CHAIRMAN. There are others on this committee who also opposed it and still think it was no good.

Senator JOHNSON. Mr. Chairman, I voted against it. I still think it is bad and I am perfectly willing for it to have its day in court and be given a trial run but I think it is one of the worst things that has ever happened in our Treasury Department.

The CHAIRMAN. Senator Martin.

Senator MARTIN. No questions.

The CHAIRMAN. Senator Williams.

Senator WILLIAMS. Mr. Andrews. I think you have already answered the question that was in my mind, by saying that you were going to separate yourself from any cases that might be pending with your firm?

Mr. ANDREWS. Yes, sir.

Senator WILLIAMS. Do you have any relations with regard to any continuing fees that you might collect on these cases?

Mr. ANDREWS. No, sir; when I cut off I cut off. That is the end of it.

Senator WILLIAMS. There is no continuing at all?

Mr. ANDREWS. That is right.

Senator WILLIAMS. Perhaps you might not want to answer this question but if you have formed an opinion I would like to have it. How would you feel about a little greater publicity to some of these compromise settlements and tax refunds and so forth that we have had in the Department? Do you think that might eliminate the possibility for a little undercover work being done, if the Treasury knew that the final settlement was going to be publicized? I am not speaking about the secrecy of a tax return but I am speaking about a compromise settlement after the Treasury and the taxpayers meet on an amount.

Mr. ANDREWS. I think I understand you, Senator, and I give you a personal answer to that: I personally happen to be like ex-President Coolidge. I am against sin. I think there is probably a good deal of difference—I would not want to commit myself absolutely but I am inclined to think there is a good deal of difference between the confidential nature of a tax return and whether or not there should be confidence in a compromise where tax liability is established, following which somebody wants to compromise that tax liability. It seems to me to put the officer in a rather tough spot who has to make the decision, who has to approve compromises of admitted liability, or liabilities under the negotiation where there is a strong difference of opinion between the Bureau and the taxpayer, not to have some means whereby those compromises can be exposed to the light of public opinion.

Senator WILLIAMS. The fact that the officer knows that he might be examined by the public would serve as a check.

Mr. ANDREWS. I think that is undoubtedly true. I am not a novice to tax collection. I have dealt with it a good deal before.

Senator WILLIAMS. How would you feel about the rebatement of taxes where the Government feels that the tax should be marked off? Can you see at this time any objection to having those matters a matter of public record?

Mr. ANDREWS. As I now see things without having been exposed to the problems of the Bureau, I would tend to classify those in the form of compromises because I know what unsupervised rebatement can lead to. I have seen cases in my own practice where there has been as many as 50 percent of all the taxpayers in one community got rebatements simply because one officer had the authority to give them and it turned out to be pretty bad.

Senator WILLIAMS. If the public was allowed to examine that, it might not have happened?

Mr. ANDREWS. When we exposed it it stopped. That was the end of it.

Senator WILLIAMS. I am glad you feel that way about it. I believe that we might be able to give a little more light to the public as we go along.

Senator BYRD. Mr. Chairman, may I ask one more question?

The CHAIRMAN. Senator Byrd-----

Senator BYRD. With regard to Senator Williams' question, we know that refunds were not authorized above a certain amount unless they are approved by a joint committee of Congress and then they are made public.

Senator WILLIAMS. It is my understanding that those refunds in excess of X amount--I forget the exact figure--were automatically published during the Eightieth Congress under a resolution of Senator Vandenberg and for 2 years we operated under the principle that all refunds were available to the press. I do not recall any incident where any taxpayer who obtained those refunds was unduly or unjustly publicized. I saw no criticism.

The CHAIRMAN. The people applaud and say, "Hurrah." There is no objection to letting the public know a man gets a refund. It makes everybody feel good.

Senator WILLIAMS. There is nothing wrong with it if a man has overpaid his taxes and gets a refund but as I said before it is publicized, the agents handling it will be sure to take a more cautious attitude.

Senator BYRD. My point is that it is not finally authorized until the Joint Committee on Taxation of Congress approves the refunds in amounts, I think it is, above \$200,000.

Senator WILLIAMS. That is right.

Mr. ANDREWS. We must abide by the law which Congress provides. We do not want to make any law ourselves. We want to administer what you gentlemen give us.

The CHAIRMAN. Mr. Andrews, this committee and the Joint Committee on Internal Revenue Taxation has long been interested in some evidence of the practice in some collectors' offices of harrassing the taxpayer by putting piddling claims against him which he must pay, enduring the expense of accountants and lawyers to straighten him out.

Will you give that some special attention to see that the citizen is not harrassed in that fashion?

Mr. ANDREWS. I can tell you from personal experience that that has happened and I think it is an intolerable practice and ought to be stopped by whatever means are necessary to stop it.

The CHAIRMAN. Some of these collectors' offices, for a time at least, ran their business on a kind of a production-line basis where men made heroes out of themselves by bringing phoney claims against the citizen. I am thinking particularly of that class of small taxpayers who have to pay up rather than endure the expense of contesting. I hope you will give that special attention while you are Commissioner of Internal Revenue.

Mr. ANDREWS. I certainly intend to do that, sir.

The CHAIRMAN. I am glad to hear that.

Senator WILLIAMS. I do think you have raised a point there and one that should be taken notice of but if I am not mistaken under the present system, the rating of the revenue agent is on the amount of claims that he can assess against the taxpayer and collect. Sometimes the premium for an agent to collect would cause the taxpayer to be somewhat timid. I know of cases where the agents have admitted that they have faked these claims in order to build up their record.

Do you not think we should have a little different rating agency so far as the agent is concerned and if an agent checks a certain taxpayer and finds everything in order, the agent should not be penalized and there should not be any reflection on the taxpayer. I do not think we should put a premium on finding a man who paid all of his taxes. If they do not bring in something that is productive, they are penalized.

The CHAIRMAN. It is like rating a policeman on the number of arrests he makes.

Mr. ANDREWS. I have been told that it was not an official policy of the Bureau. It must evidently still be in the minds of some of the agents because I had a letter of congratulations just the other day from a former employee of mine who devoted one sentence to congratulating me and a page and a half of tabulations to show me how much taxes he had been able to collect as an agent for the past 7 years, so evidently the policy is not eradicated yet.

The CHAIRMAN. It has always been denied. Every time we have a hearing on it they deny doing it. Yet the mail we get from our constituents strongly indicates that that practice still prevails in many places. I do hope and I am sure this committee hopes that you will give that special attention and let's stop that.

Mr. ANDREWS. I appreciate that and I will certainly try, sir.

Senator KERR. You are just as positive in your purpose to collect the taxes that are due the Government as you are to protect the taxpayer in the matter of his not being required to pay more than he owes?

Mr. ANDREWS. I think everybody ought to pay the taxes he owes.

Senator KERR. Big or little?

Mr. ANDREWS. That is right.

The CHAIRMAN. Senator Martin—

Senator MARTIN. Mr. Chairman, I do not know whether this is practical but I have always felt that the taxing agency and the collection agency at all three levels of Government ought to be in a position

to protect the taxpayer as well as the Government. What I am getting at is this: If a man makes an error in his returns, the auditor ought to inform him. The United States or the Commonwealth of Pennsylvania or any city or county should not collect an improper amount of taxation. A lot of people, in their desire to be honest with the Government, sometimes resolve in favor of the Government. I know that because I collected the taxes for the Commonwealth of Pennsylvania and I gave instructions that our taxing officers, where they found that the taxpayer had made an error against himself was to be so notified that he was given the proper refund without even petitioning it. I do not know whether that is practical in the United States Government where we have almost 70 million taxpayers but what I am getting at is that we are working for the people. The people are not working for us.

Mr. ANDREWS. Well, Senator, you have hit upon a rather interesting point, there. My own personal feeling is that we must have in the Bureau, as I see it, the understanding on the part of every person there that they are servants of the people and not the bosses of the people.

Insofar as the collection of taxes is concerned or notification of refunds, that happens right now. When a return is examined and refund is indicated, the taxpayer is advised, as I understand. I know that happens. I know of no instance on the part of the Bureau to fail to let a taxpayer know when upon examination they find that he is entitled to a refund, that that refund is coming to him.

Then all he has to do is file a claim to get it back.

Senator WILLIAMS. It might interest you to know that those examples do happen. Only last week I received correspondence which I will turn over to you, regarding a taxpayer who back in 1945 was audited by the agents and they decided that he had a refund coming to him. The man thought that it would automatically be refunded to him so he did not file a claim.

Now the Government has written him a letter claiming the statute of limitations expired. They did not claim they owed him the money but claimed statute of limitations for the nonpayment of the refund.

It seems to me I never had too much respect for any debtor who claimed length of time for not paying a just liability whether that be the taxpayer or the Government.

I am surprised at the Government taking that attitude.

Mr. ANDREWS. I do not know whether that situation can be corrected by the making of an automatic refund—that is eliminating the necessity of filing a claim for refund or not. Whether that can be corrected by administrative act or whether it has to be corrected by legislative act, I do not know. I cannot answer, but I agree with you that certainly the person ought to get his refund.

Senator WILLIAMS. I think, as Senator Martin pointed out, if the agent was instructed, that it was just as much to his advantage to advise a taxpayer that he had a refund as it was to make an additional assessment, it would be very good.

Mr. ANDREWS. I do not see why the Government cannot operate as anybody else does. If the man has a refund due him, give it to him.

The CHAIRMAN. Mr. Commissioner, is it not obvious that when the Government keeps money that it knows it is not entitled to, it is a thief, just as anyone else is?

Mr. ANDREWS. Senator, I would be inclined to agree with that but, I will tell you something about that that might interest you.

I do not know whether it applies to the Bureau of Internal Revenue or not, but there is a statute on the books which makes it improper for any employee or officer of the Government to be a party to a claim against the Government and I understand there have been many cases of money due to people that they have not gotten because the officer or employee took the position that if he notified him of it, he would then be making himself guilty of violating that statute.

The CHAIRMAN. What is that statute?

Mr. ANDREWS. I do not know, but I will find it for you.

The CHAIRMAN. Will you drop me a memorandum on it?

Mr. ANDREWS. Yes.

The CHAIRMAN. Senator Flanders.

Senator FLANDERS. No questions.

The CHAIRMAN. Senator Malone.

Senator MALONE. Mr. Chairman, I do not believe this is the time to try to establish what the policy of Mr. Andrews is going to be as internal revenue collector. I think we are only trying to establish here, today, his fitness and experience for the office and I think he has already established that.

However, as long as the question has been brought up about whether Mr. Andrews will keep everything status quo that he finds when he goes into the office, I would like to just mention that one of the last acts of the administration—as long as this civil service and all has been brought in—one of the last acts of the administration was to summarily discharge E. P. Caffrey, the director of internal revenue in the State of Nevada.

He was a Democrat and a high-class citizen whose integrity is unquestioned. Mr. Caffrey seemed to be in the way of a reorganization to bring in some other people outside.

Now all of this, I had no intention of mentioning because it is something that has already been done and it will be up to Mr. Andrews and his administration policies as to what to do about it.

A group of three States, California, Nevada, and, I believe, Utah, were directed from Los Angeles—just about as far as you could get away from the central portion of the area—the State of Nevada pays between \$50 and \$60 million a year in income taxes.

His last move was to place in office apparently men who had no connection with the State of Nevada, California, or Utah either, insofar as that was concerned. They have no special fitness, although I do not question their integrity or general ability.

But if it is being established in this committee that no changes should be made because these things have been done in various areas—and I understand that men have been frozen in high ratings, civil-service jobs throughout the Nation as an afterthought of the administration—I think it should also be established that some members of the committee will work with Mr. Andrews in any readjustment that he should care to make.

I believe that from the way he shuts his mouth, that he has the determination to do it.

Mr. ANDREWS. Thank you.

The CHAIRMAN. Senator Carlson.

Senator CARLSON. No questions.

The CHAIRMAN. Senator Bennett.

Senator BENNETT. No questions.

The CHAIRMAN. Senator Frear.

Senator FREAR. I have a few easy ones.

First, I would like to expose myself to the vote I made on the reorganization plan, too. I voted for the plan but I have never been too happy about it since. One very distinguished person told me that it would not be long before I would see the day that I would regret that vote and in all sincerity I guess he was correct.

Mr. Andrews, Public Law 471, enacted July 1, 1952, permits a Member of Congress to deduct living expenses while in Washington in an amount not to exceed \$3,000.

This is accomplished by amending the law to provide that a Member's home is not Washington but the district or State from which he has been elected.

He thus gets living and traveling expenses while away from his district in the furtherance of his congressional duties.

To your knowledge has the Bureau issued any rulings or regulations under this law?

Mr. ANDREWS. I do not know whether they have or not, sir.

Senator FREAR. As the incoming Commissioner, what do you regard as living expenses for the purpose of that statute?

Mr. ANDREWS. I think, Senator, it would be rather hard for me to answer right here. It is something that I would have to study.

Senator FREAR. I can appreciate that, sir. However, there are questions with which I will continue and I will understand if you do not answer them that you would like to study them.

Mr. ANDREWS. Yes.

Of course, right now I am very much interested in this question of double expenses, myself.

Senator FREAR. In any of your experiences with the Bureau of Internal Revenue, do you know where any higher salaried people employed by the Government, living in Washington, have been given the opportunity of deducting expenses while in Washington if they were from another State and maintained a home in another State?

Mr. ANDREWS. No, I do not.

Senator FREAR. Your future Bureau, or I think your Bureau right now, is being asked that question to secure information and you may become acquainted with it quickly.

Since there is a limitation of \$3,000 for living expenses in Washington, and it is practically impossible for an individual Member to live in Washington on less than that amount, do you believe that it is necessary to require records for allocating such expenses between a Member and his family?

Mr. ANDREWS. I would like to reserve that answer too, if I may.

Senator BYRD. What is the law that limits it to \$3,000?

Senator FREAR. That was Public Law 471.

Senator BYRD. What does it do? Does it allow \$3,000 deductions for living expenses?

Senator FREAR. It permits the Member to deduct living expenses not to exceed \$3,000.

Senator BYRD. Do you mean living expenses without being itemized?



Senator WILLIAMS. Under the law, they must be itemized.

Senator FREAR. I think that is right.

Senator BYRD. They must be expenses incident to the conduct of his office and not living expenses, because the Bureau has ruled repeatedly that if a man's main business for example is in Washington, he is not permitted living expenses as a deduction from his income tax. That ruling is fundamental in all income taxation. There must be something else in there outside of living.

Senator FREAR. I believe this new amendment that we passed last year, states living expenses not to exceed \$3,000.

Senator BYRD. It may be something new that I had not heard about, but it is certainly not in accordance with the regular practice which is that where your main business is, that is your domicile for the purpose of taxation and therefore, you cannot deduct expenses where you conduct your main business.

Senator FREAR. I am not sure of this, but I believe a Commissioner, former Commissioner or two, have issued a letter, rule or regulation that a Congressman or a Senator's home is the district that he represents and not his domicile in Washington.

Senator BYRD. I hesitate to differ with the Senator, but I do not understand that that has been the ruling.

We have had quite a discussion about it and these different efforts have been made to get tax exemptions.

Senator GEORGE. The law is that the residence is the district or State from which he comes and he is entitled, of course, under 23 (a), to take all ordinary and reasonable expenses while away from his residence.

Senator BYRD. Do you mean regular living expenses, hotel bills, and so forth?

Senator GEORGE. I do not know. I do not know what the Bureau is going to rule.

Senator BYRD. You can deduct expenses of your office.

For instance if you had to employ additional clerks in your office, you could deduct that.

Senator KERR. Explain that just a little.

Senator BYRD. If you have to employ and pay out of your own pocket for additional clerical aid in your office, it would be an expensive business and that could be deducted, as I understand it. I myself have never done this.

Senator KERR. I would like for the Senator, whose ability I have such great respect for, to show me where that is, or else have him contemplate the possibility that he is in error because I have been advised otherwise.

Senator BYRD. The Senator may be right and I may be wrong, but that has certainly been my understanding.

Senator KERR. You specified the item.

Where a Member of Congress, in the handling of his business, employs an additional amount of help that, what it costs him, is an item to be charged to expense.

Senator BYRD. Additional help in performance of the duties of a United States Senator.

Senator HOEY. Up to \$3,000.

Senator KERR. That is not what the Senator said.

Senator BYRD. I believe that is what I meant. I meant if you need additional aid in your office to perform the duties and functions of a United States Senator—it is my understanding and I may be wrong—that that is deductible.

But it is entirely different when you come to your own personal living expenses.

Senator KERR. I am not talking about that, at all. I am talking about the other items to which you referred, and other than the \$3,000 provision that we put in last year.

If the Senator is right, I would be most grateful if he would show me the ruling of the Bureau or the provision of the law.

Senator BYRD. I will undertake to try to find that out.

When it comes to your living expenses, that is an entirely different matter. I have never heard of deductions being made for hotel bills and meals and matters such as that.

Senator KERR. If the Internal Revenue Department has approved it for some, I would be interested in knowing about that, too.

The CHAIRMAN. Does the witness prefer to reserve judgment on that question?

Mr. ANDREWS. Yes. If the Senators cannot agree, I am sure I cannot.

The CHAIRMAN. Has the Senator finished?

Senator FREAR. For the record, Mr. Chairman, I appreciate the position Mr. Andrews is in at the moment.

However, I would like to read these questions and may I suggest if Mr. Andrews would answer these questions when he can get up to this, I would appreciate it.

Mr. ANDREWS. I will be very glad to.

Senator FREAR. My fourth question is, Suppose a Member purchases a house in Washington. Would he not be entitled to a deduction in addition to the \$3,000 living expense deduction for taxes and interest on the mortgage?

Five, would depreciation and insurance on a Member's house in Washington be deductible?

Six, would maid service and utility service come within the \$3,000 limitation for living expenses?

Seven, since the home of a Member is now treated as being in his district for purposes of deducting living expenses and travel while away from home, is a Member entitled to deduct traveling expenses and meals and lodgings when he goes to his district in connection with the performance of his congressional duties or in the performance of a trade or business within his district?

Mr. Andrews, they are the seven questions and I would gratefully appreciate, at your convenience, having a reply to them.

Mr. ANDREWS. I will be very glad to do that.

Senator FREAR. Now I have another question, sir.

It has been the case in our State, where depletion and depreciation has caused the agents and the taxpayers a lot of time in arriving at a proper solution to it.

In other words, the taxpayer and the agent quite often disagree on the amount of depreciation.

How far would you think that you could go as Commissioner, in permitting the taxpayer to set up his percentage of depreciation within

certain limitations and then abide by that after that, so that there would be no disagreement between the agent and the taxpayer?

In other words, if he had a piece of real estate and it was to be depreciated in 20 years and he says 20 years, then that is what it is going to be, over that 20-year period.

The only way he would be entitled to change would be by permission of the Commissioner of Internal Revenue, should that be agreed upon.

Mr. ANDREWS. Senator, that is a question which has bothered me for a long, long time. If I am confirmed for this office it is one I certainly want to look into and try to get the answer to.

I do not know that there is any answer at the moment, but somewhere along the line we do have to answer that question because there is no doubt about the fact that a terrific amount of time has been spent arguing over depreciation and depletion.

There has been considerable cost to the taxpayer and to the Government and I am not so sure about advantage of either one of them. That is one question that I think we ought to study.

Senator FREAR. Now someone spoke a while ago about the refunds that were given to companies being given public notice.

As you probably recall in our State, the du Pont Co. was refunded a little over \$20,000,000 just recently. I do not know that that had any serious repercussions either on the taxpayer or the Bureau. I think most of the people were glad to see that the Government had overcharged du Pont or anybody else and was willing to refund it, especially in an amount such as that.

I do not see that it is too difficult a trust for the Bureau of Internal Revenue to let it be made public whenever a refund is made to a taxpayer.

I am sure from all that has been said this morning and the questions that have been asked of you, that it will be your desire and perhaps your first desire to give full cooperation to this committee and the corresponding committee in the House on the matters of taxes.

Mr. ANDREWS. It certainly will.

Senator FREAR. And I think after the recommendations have been given to you by some of the members of this committee that your confirmation is a foregone conclusion and I congratulate you.

Mr. ANDREWS. Thank you, sir.

There is one thing, Senator; maybe it is not too important, but I would like to discuss it just briefly so that there will be no misunderstanding about it.

It happens, as you gentlemen have been told here earlier in my testimony, that the name of the firm that is nearest and dearest to my heart is T. Coleman Andrews & Co.

There is a statute on the books which says that no person, firm, or corporation shall use the name of any officer of the Government in advertising its business.

Now it happens that accountants do not advertise or at least they are not supposed to, and we do not.

Technically, therefore, the gentleman who will succeed me in the firm would not be in violation of that law if they kept the name of T. Coleman Andrews & Co.

However, my own feeling about it is—and all of us in the Treasury who have discussed it—is that there will be an inconsistency there

in having a T. Coleman Andrews Co. and a T. Coleman Andrews, as Commissioner of Internal Revenue and therefore, the name has to be changed.

My question is, What name we can use? My partners feel rather strongly that the shoe is sort of on the other foot here in that it is not a matter of the firm taking the name of an officer, but the Government is taking the name of a firm, but nevertheless, that has to be done.

They also remind me that I am not the only Andrews in that firm. There is another one who has been there 25 years. He is not a member of the firm but he is pretty high up in the organization.

As a matter of fact, when I go out, he becomes No. 2 man. He is No. 3 now. Also my son is with the organization.

The question they have raised is whether the firm could include the name of Andrews but not T. Coleman Andrews.

The CHAIRMAN. Your name or initials would not appear on the letterhead, would they?

Mr. ANDREWS. No.

The CHAIRMAN. And there is an Andrews in the firm besides yourself?

Mr. ANDREWS. He is in the organization. He is not a member of the firm. He has been there a long time; he is a staff manager; he is as well known to the clientele as I am. My son is there. He has not been there so long because the Air Service saw fit to take us away from him after he had been there a while and make him serve another term.

The CHAIRMAN. Can anyone on the committee work up a heat over that?

(No response.)

Why do you not take your own head, Mr. Andrews?

Mr. ANDREWS. Thank you, sir.

The CHAIRMAN. Senator Butler.

Senator BUTLER. of Nebraska. I would like to add my voice to what has been said about the Reorganization Act by Senator Johnson and some others. I opposed it because I saw no economy in the move by increasing the number of officers from sixty-odd to ninety-odd and increase their salary.

Also I had not felt too good because they disposed of a fine Democrat who had charge of the office in Omaha for a number of years and had a wonderful reputation. They saw fit to retire him and send us a man from Colorado who nobody knows.

The CHAIRMAN. I am sure you will find the gentleman from Colorado has great virtues.

On our part, we got rid of a very fine Democratic official and brought in a man from Texas about whom I know nothing so far.

There has been a lot of complaint about it.

If there are no further questions, we will excuse you, Mr Andrews, and we thank you very much for your testimony.

The committee will now go into executive session.

(Whereupon, at 11:40 p. m., the committee proceeded in executive session.)

X