

REVENUE ACT OF 1932

HEARINGS

BEFORE

THE COMMITTEE ON FINANCE

UNITED STATES SENATE

SEVENTY-SECOND CONGRESS

FIRST SESSION

ON

H. R. 10236

AN ACT TO PROVIDE REVENUE, EQUALIZE TAXATION
AND FOR OTHER PURPOSES

MAY 31, 1932

SUPPLEMENT No. 4

STATEMENT OF
SECRETARY OF THE TREASURY

Printed for the use of the Committee on Finance



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1932

1950

1951

1952

1953

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TUESDAY, MAY 31, 1932

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

STATEMENT OF HON. OGDEN L. MILLS, SECRETARY OF THE TREASURY

The CHAIRMAN. The committee will come to order. Mr. Secretary Mills, the committee is here to hear whatever statement you desire to make at this time.

Secretary MILLS. Mr. Chairman, it is needless to say I dislike to appear before you and add to the difficulties with which you and the rest of us have been struggling for so many months. But the conditions have changed so considerably, particularly during the last three weeks, that the estimates upon which we have been relying right along and which were made up, as we all know at the beginning of February, which was our last thoroughgoing revision, no longer hold good. Those revised estimates covering both existing taxes and new taxes will not be realized.

You will remember that the Treasury Department originally asked the Ways and Means Committee for \$1,125,000,000 in new taxes, and that is the precise amount that I am here to ask for to-day—\$1,125,000,000.

The House voted a bill which at the time was estimated to yield \$1,032,000,000. When I was before this committee, in the hope of early action and with a view to expedition, I accepted this reduced amount, and I felt justified in doing so, first, because there was at that time pending an economy program in the House which promised to yield a very substantial reduction in expenditures; the open-market policy of the Federal reserve system had been started; the work of the Reconstruction Finance Corporation had borne fruit in the stabilization of the general banking system, and I hoped that with the early adoption of a revenue bill balancing the Budget the stabilization of business conditions, followed by the gradual uprise which we were all looking for might fairly be anticipated.

Now that just has not happened. Instead of a stabilization of business conditions, there has been a perfectly steady contraction; and, whereas the Federal Reserve Board's index of production stood at 70 when I was before you in April, it stands at 64 in the most recently available figure. So that we not only have to start our recovery from a point that has been delayed much longer than we hoped for, but from a much lower base and, consequently, it is perfectly evident that this situation, bearing in mind the direct relationship between revenues and business conditions, necessitates a writing downward of the estimates hitherto relied upon.

Now, as we stand to-day we are \$285,000,000 short of the \$1,125,000,000 asked for by us originally, and asked for by us to-day.

Senator LA FOLLETTE. May I ask a question there, Mr. Secretary?

Secretary MILLS. May I just explain how that one item is made up, and then I will answer the question? That represents an amount—

The CHAIRMAN (interposing). \$265,000,000 short?

Secretary MILLS. \$285,000,000 short of the \$1,125,000,000 which we originally requested and which we are confident is needed to-day.

Now, that is accounted for by the reductions made principally by the House, but to some extent by the Senate, of \$160,000,000, and by the necessity of writing down the estimates of new revenue by \$125,000,000. Or, to put it in another way, the bill which you have now before you, plus the Senate Finance Committee's items not voted on, was estimated to yield \$965,000,000. As we see it to-day, that bill will not yield more than \$840,000,000. And the difference between \$840,000,000 and the \$1,125,000,000 needed is \$285,000,000, the amount that we have got to find.

Senator BARKLEY. Mr. Mills, when you made your February estimate, you made it independent of any economy program; you based that on the expected revenue, did you not?

Secretary MILLS. No; that was true of the December estimates. As early as February we had found it necessary to resort to additional economies in order to balance the Budget, though the Treasury at that time was talking of economies of \$100,000,000 plus \$1,125,000,000 in new revenue.

Senator LA FOLLETTE. May I ask you how you arrived at that \$125,000,000 in the reduction in estimates? Did you apply some general factor of decline, or did you estimate all those taxes as of February?

Secretary MILLS. No; we are not making any general thorough-going revision. In February we made a thorough estimate; perhaps not quite as thorough, but almost as thorough as in December. To-day we are taking the basic assumptions as to business recovery upon which all these estimates are based. We are revising them in the light of the contraction in business, and the fact that the recovery has evidently been postponed. And then we are readjusting separate items to conform to that basic item; not applying a general cut to all items, but a reduction in the light of the general trend.

Senator LAFOLLETTE. Perhaps I can get at it with one question. Are you now in a position, on the basis of that readjustment, to furnish what you consider to be estimates on those various taxes that are now in the bill?

Secretary MILLS. Yes; but with all reservations.

Senator LAFOLLETTE. Well, what kind of reservations do you mean?

Secretary MILLS. I mean all the reservations that any honest man would have to make in making estimates under the conditions which exist to-day, and in the comparatively short time allowed us. But we are prepared to give you the best figures we can, by items. Is that what you want?

Senator LAFOLLETTE. I was just wondering if you were going, before you conclude, to give it to us by items, so that we would have some practical way of applying this \$125,000,000 reduction to the various items that are now in the bill that is pending.

Secretary MILLS. I would prefer to complete the statement, and then I would be glad to give you the items.

Senator BINGHAM. May I ask you a question before you go on?

Secretary MILLS. Yes; Senator.

Senator BINGHAM. On the 15th of March, how did your estimate of income-tax returns tally with the actual income-tax returns?

Secretary MILLS. If I understand you——

Senator BINGHAM. How much below what you expected them to be were the taxable amounts on taxable income?

Secretary MILLS. They were not. Mr. Stark's fiscal year estimates indicated that there would be about \$190,000,000 in March, and he made a bull's-eye. They were \$192,000,000. That is not often done.

Senator BARKLEY. In estimating the \$285,000,000 you did not take into consideration the possibility of the adoption of the Connally amendment?

Secretary MILLS. No, sir.

Senator BARKLEY. What did you allow?

Secretary MILLS. I included action taken on the floor of the Senate and all of the Finance Committee's items not yet voted on.

Senator BARKLEY. You did not allow some \$240,000,000 of items omitted in the consideration of the bill in the House?

Secretary MILLS. You put back a lot of those.

But I think we will become all confused if we go off into details now. I am taking the bill as it stood last night, plus the very few items which remain to be voted on, and my understanding is—and I understood that was the understanding of this committee—that it would yield \$965,000,000 on the basis that we have been using.

Senator REED. How much will the Connally amendment add to that?

Secretary MILLS. About \$70,000,000.

Senator REED. That is on the basis of the estimates made before?

Secretary MILLS. That is our present estimate.

Senator BARKLEY. Will you complete the——

Secretary MILLS (interposing). If you gentlemen will allow me to complete my statement, I will answer any questions you want to ask, of course.

Senator BARKLEY. All right.

Secretary MILLS. Now, then, this is just about the situation: Your total expenditures, less sinking fund, according to the Budget figures, are \$3,615,000,000. If you assume a reduction in expenditures below the Budget figures of \$350,000,000 as a result of the economy bill now in the making, and as a result of the cuts made by the House Appropriation Committees and the Senate Appropriation Committee—if you assume a total reduction in expenditures of \$350,000,000 below the Budget figures you get an expenditure of \$3,265,000,000.

The CHAIRMAN. That is on what reduction of expenditures?

Secretary MILLS. Three hundred and fifty million dollars below the Budget figures.

Now if you take the revenue to be derived from existing taxes, plus the other receipts of the Federal Government, you have a figure rewritten, according to present estimates, of \$2,140,000,000.

Senator HARRISON. How much reduction did you make in that item?

Secretary MILLS. Two hundred and thirty-five million dollars.

The CHAIRMAN. The sum of all collections is how much, all told?

Secretary MILLS. Two billion one hundred and forty million dollars, plus \$340,000,000 of new revenue from the bill now before the Senate. From that you get a total of \$2,980,000,000, and a deficit of \$285,000,000 that has to be obtained somehow.

Senator CONNALLY. Mr. Secretary, do you include in those figures the interest on the debt, and the sinking fund?

Secretary MILLS. No, sir; sinking fund is not included.

Senator BINGHAM. The interest is included?

Secretary MILLS. The interest is included, of course.

Senator CONNALLY. The sinking fund is not?

Secretary MILLS. No, sir. Of course, we have got to pay the interest on the public debt.

Senator CONNALLY. Of course.

Secretary MILLS. Now, then, I do not think I need—

Senator WATSON (interposing). What do you do with the international debt, Mr. Secretary?

Secretary MILLS. They are in, Senator.

Senator WATSON. Two hundred and seventy million dollars?

Secretary MILLS. Two hundred and seventy million dollars is not involved because \$70,000,000 represent repayment of principal that has to be applied to the debt and appears therefore on both sides of the sheet.

Senator SHORTRIDGE. Assuming the international debts will be paid, when you say they are in?

Secretary MILLS. Yes, sir.

Secretary MILLS. Now, then, gentlemen, we had reached a point where I had shown that if we obtain a reduction of \$350,000,000 in expenditures below the Budget figures it would leave our expenditures at \$3,265,000,000, exclusive of the sinking fund; that the prospective revenue, including new taxes provided in the bill before the Senate, will be \$2,980,000,000, so that there is imminent need of finding \$285,000,000 to balance this Budget.

And I want to say to you gentlemen, with all of the earnestness of which I am capable, that I consider the balancing of this Budget as essential to the national welfare of our country; not only the balancing of the Budget, but the immediate balancing of the Budget. There is no time left for debate, and there is nothing more to be learned from debate. Every conceivable form of tax has been considered and reconsidered for six months. Every phase of this tax situation is known, not only by members of this committee, but by Members of the Senate and Members of the House. In view of this great—what I consider a great and real emergency—and I must ask you to take my word for that—I urge you to find these \$285,000,000. I suggest, first, the adoption of the so-called Connally amendment. I do not think that there could be any greater evidence of my earnestness and my recognition of the seriousness of this situation than to have me urge the adoption of an amendment which I opposed with all of the strength at my command some three or four weeks ago. That will yield you about \$70,000,000.

I next recommend unequivocally as the best and most assured way of finding the necessary \$215,000,000 left, that you adopt the so-called Walsh amendment now pending before the Senate, or the manufacturers' excise tax. What the rates should be, how much it should

encompass, depends entirely, if you decide to adopt it, how it is fitted into the bill as it now stands.

But I tell you that is the easiest and best way of raising the revenue, in the existing situation, and it will carry to the country, as no other tax can, the absolute assurance that the Budget is going to be balanced, for it rests on so broad a base that one can estimate its yield with considerable confidence.

The CHAIRMAN. What is the rate you propose?

Secretary MILLS. I say, the rate depends entirely on whether you are just going to add it to the bill as it exists, or add it and then strike out some items that are now in.

Senator WALSH of Massachusetts. Mr. Mills, if the rate is made 2 per cent and I strike out of my amendment the provision to remove the tax on lubricating oil, the provision to reduce the tax on postage, and the reduction in the tax on checks, it will yield approximately \$200,000,000; the Connally amendment will yield \$70,000,000, making \$270,000,000. And I eliminate all nuisance taxes.

Senator HARRISON. Now, Mr. Secretary, will you not give us an alternative from the sales tax?

Secretary MILLS. Yes; I am prepared to do that, Senator Harrison. What I want is a balanced Budget; a balanced Budget at all costs. And if I am willing—and I am sure my convictions on matters of taxation run as deep as anyone's—and if I am willing to lay aside all objections to the Connally amendment, I think other men can lay theirs aside.

Senator THOMAS of Idaho. Mr. Secretary, why not go ahead and tell us the other things that you propose, because you understand that you can not possibly have the Walsh amendment?

Secretary MILLS. I do not know whether I can, or not, and that is not my responsibility. But it is my responsibility to present to you gentlemen as forcibly as I can the absolute necessity of raising this money in a way that will carry assurance to this country and to the world that it is going to be raised.

The CHAIRMAN. I think we all agree to that. And you can not emphasize it any too strongly.

Senator HARRISON. Yes, but some of us think that the Secretary had responsibility on May 8 in connection with this matter.

The CHAIRMAN. He has given us his reasons.

Secretary MILLS. If you are going to go into that, the answer is simple enough. You can not make up estimates every month. It is a long process. When we made estimates in December, we were confident that the bill carrying the estimates would become law by March 1—and if I may be allowed to say so, it should have; but it had not even come to the Senate by March 1. With business conditions deteriorating, we were obliged to go to the Ways and Means Committee in February and say, "You have got to get \$320,000,000 more in revenue."

Senator BARKLEY. Did you contemplate that the Ways and Means Committee, and the Finance Committee of the Senate would act on this matter without hearings?

Secretary MILLS. But you could have had hearings. Suppose we were at war, the House and Senate would pass an emergency revenue bill in less than a week; and this emergency is greater than war.

Senator HARRISON. Your men have been constantly before these committees, Mr. Secretary—

Secretary MILLS. I am not complaining or criticizing, but if the Treasury is to be criticized because it did not revise its estimates month by month as business deteriorated, then the Treasury has the right to reply that this bill should have been passed, many months ago. It would have helped conditions immensely and there would have been no occasion for new estimates.

The CHAIRMAN. Let us go on and get the alternative.

Secretary MILLS. The alternatives that I suggest, in addition to the Connally amendment that will yield \$70,000,000, is a gasoline tax of 1 cent, that will raise \$150,000,000; and that you reverse yourselves and limit the exemption on admissions to places of amusement to 10 cents, which will give you another \$55,000,000, approximately, or a total of \$275,000,000.

Senator REED. How much will that give, in addition?

Secretary MILLS. Almost \$55,000,000.

Senator COUZENS. What about the cigarette tax that you recommended? You do not consider that at this time?

Secretary MILLS. Tobacco?

Senator COUZENS. Yes.

Secretary MILLS. You might get some more out of tobacco, but the curve has been decreasing. What we recommended in December does not look so good in June.

Senator WALSH of Massachusetts. The trouble with the gasoline tax is that almost every State in the Union increased it this year. My State increased it.

Secretary MILLS. There are objections to it. I unequivocally recommend the sales tax as the best way out (in a very great emergency. But I was not going to come here without having worked out an alternative plan for you. I was not going to come down here and put myself in the position of saying to you gentlemen, "It is the manufacturers' sales tax or nothing.")

Senator BARKLEY. Mr. Secretary, this question is not prompted by anything but to get your reaction. Last week, if I recall, there was a statement made by you as you understood the bill before the Finance Committee, plus a reduction below the Budget expenses in addition to what the executive departments had already done, would make a total of \$350,000,000, and would balance the Budget.

Secretary MILLS. Now I will tell you exactly what I said, Senator. This was in answer to estimates made by a newspaper, which I did not feel called on to comment on in detail. I said that I recognized that conditions had changed; that in my opinion in excess of \$1,000,000,000 of revenue was needed, plus \$350,000,000 in economies. And when I said \$1,000,000,000 in revenue, I meant real revenue. I was not under any obligations to disclose to the Baltimore Sun, or to anyone else, that the time had come to come before the Senate Finance Committee and tell you that the estimates should be revised, but I have had a growing conviction for some time that the day was coming when it would be necessary. But I am not going to be badgered by any newspaper into giving out Treasury figures which, in the first instance, must go to this committee, and nowhere else.

Senator COUZENS. Mr. Secretary, may I ask you what the difference is between the Connally rates and the 1918 rates, about?

Secretary MILLS. Mr. Stark says that not more than one hundred to one hundred and twenty million dollars in excess of the Connally rates.

Senator THOMAS of Idaho. Did you have at any time under consideration the consumption tax?

Secretary MILLS. What we did have originally was the consumption tax on gas and electricity, but in working up the alternative program I thought we should put in the admission tax, which would yield \$55,000,000. There has been no hearing on the gas and electricity tax.

Senator THOMAS of Idaho. Was there a hearing on that in the House?

Secretary MILLS. Yes; I think there was.

Senator REED. Under both of your alternatives here you contemplate the adoption of the Connally amendment?

Secretary MILLS. I do.

Senator REED. I am asking you that because we are going to vote on that now. They both include the Connally amendment?

Secretary MILLS. Yes.

Senator GORE. Senator Bingham had, sometime ago, what he called the Whitehead plan, to tax depositors in the banks. Nobody wants to frighten depositors in banks, but that would be going to the people who had the money.

Senator BINGHAM. It was not a tax on deposits; it was a small tax on checks, except certain items, such as pay-roll checks, and other items.

The CHAIRMAN. If you want to scare the last man in the country to get the money, you can put that in.

Secretary MILLS. There are many things I would do, but that is one thing I would not do.

Senator WALSH of Massachusetts. Mr. Mills, instead of a tax on gasoline, have you thought of a tax of 10 per cent on lubricating oil? The 4 per cent there yields \$35,000,000.

Secretary MILLS. That would be an item to be considered.

The CHAIRMAN. You are short \$80,000,000.

Senator THOMAS of Idaho. Mr. Secretary, what effect would it have on the country if we were to adopt the sales tax for one year?

Secretary MILLS. I think all we are interested in to-day is one year. Adopt it and let it go out automatically in 1933.

Senator THOMAS of Idaho. That would give time to work it out.

Secretary MILLS. I tell you, the one thing the country wants to know is that the finances of the country are on a firm basis for the next 12 months. I think if that news went out it would electrify the country.

The CHAIRMAN. As soon as a vote has been taken on the floor, we will return to this room right away to continue our consideration.

Senator GORE. Mr. Secretary have you made any estimate of the possible returns by tax on proprietary medicines?

(The committee temporarily recessed, while the members answered a call for a vote on the Connally amendment on the floor of the Senate.)

Senator REED. Was that all, Mr. Secretary?

Secretary MILLS. I think I had about completed my troubles, unless anyone wants to ask questions, Senator Reed.

Senator THOMAS of Idaho. Mr. Mills, what was done with the tax on dividends, corporate dividends?

Secretary MILLS. The tax on corporation dividends was defeated in the Senate Finance Committee, but it is still in the House bill.

Senator THOMAS of Idaho. It is still in the House bill?

Secretary MILLS. Yes.

Senator THOMAS of Idaho. That would raise how much money?

Secretary MILLS. That would probably raise under existing conditions and at the Connally rates about \$80,000,000, maybe.

Senator GORE. It was 6 per cent?

Secretary MILLS. Eighty million.

Senator GORE. It was 6 per cent, was it not?

Secretary MILLS. No; it is applying the normal tax rate to dividends. But I want you to consider that you now—I assume you voted the Connally rates?

The CHAIRMAN. Yes.

Secretary MILLS. So that you have now not only 55 per cent maximum rate, but a 4 and 8 per cent normal rate. You have readjusted all of your intermediate brackets accordingly. In addition to that, you have administrative conditions that have so tightened the income tax law that it is estimated that they will under present conditions yield \$80,000,000 out of individuals.

Senator COUZENS. Would it not yield more out of the individual? It seems to me if we stopped up the loophole of a low rate, we will increase that accordingly.

Secretary MILLS. I think \$80,000,000 is about all that you could expect. I may be wrong, but I would not say that you could get more.

Not only are the normal and surtax rates very sharply increased by the Connally amendment, but the pending bill imposes severe limitations on the taking of security losses. Furthermore, the corporation rate is increased to 14 per cent and the net loss carryover has been restricted. Now, considering the question of extending the application of the individual normal rates to dividends, bear in mind that dividends represent the distributed portion of corporate net income and are, therefor, taxed to the corporation at 14 per cent under the bill. If you apply the individual normal rates to dividends on which the corporation rate of 14 per cent would already have been paid you are in effect subjecting them to double taxation, taxing them once to the corporation and again to the individual. Such a procedure would, in my opinion, be entirely indefensible particularly in view of the high rates and the new restrictions which are carried in the bill. With business prostrate you do not want to indulge in unnecessary shocks.

You have got to balance this Budget, and we have got to stand for it, but when we are trying to revive business by balancing the Budget let us not at the same time so crucify it that we would deter the expansion that we are looking for. I think that double tax on dividends is a horrible thing.

Senator HARRISON. Mr. Secretary, what is your judgment if we were to accept either the Couzens rates, which of course a good many of us think might deter capital going into productive enterprise, or the normal tax on stock dividends? Which would be less harmful?

Secretary MILLS. I refuse to answer that. They are both so harmful that you ought not to adopt them. That is my absolute judgment. I think that this attempt to squeeze the last dollar out of the one base that is now owing more and more, rather than apply a low rate to a broad base which is not going to be felt, is so utterly wrong that I can not believe that that can furnish the basis of a compromise, and it will not carry the assurance to the country, because the country knows that the incomes are not there, and just piling up the rates on incomes that are not there, and then saying, "We balanced the Budget," may be all right here, but no one in the country is going to believe it, because the country knows the incomes are not there.

Senator HARRISON. Well, I hate very much to go to the gasoline tax, but I am perfectly willing, if my colleagues on the committee want to do it, to make an attempt on the gasoline tax, and on the movies.

Senator WATSON. And so am I. I think it is the proper thing to do. The **CHAIRMAN.** I hardly see any other way.

Senator GORE. I think a quarter of a cent, probably, on gasoline, would be absorbed in the refineries, not passed on, probably.

The CHAIRMAN. Why do you think that?

Senator GORE. It is so small, Senator. Now, gasoline is selling at the refineries to-day at 4 cents a gallon. It sells to you at 16 to 18 cents.

Secretary MILLS. I think it is equally clear that for a year a 2 per cent manufacturers' sales tax would be absorbed, with prices where they are. What would happen afterwards—I will admit that if you take it over a long period of time, it is going to be passed on in one form or another, but for the next 12 months I think they would find it enormously difficult in many, many cases to pass it on.

Senator BARKLEY. Mr. Chairman, under the rules of the House, if the sales tax goes back over there, they have got to have a separate vote on it by roll call. It does not go to conference. If the House defeats that amendment, then it does not go to conference. The bill has got to be brought back to the Senate, and we have got to find some other substitute for the sales tax. So that ought to be taken into consideration.

The CHAIRMAN. That is just the same as we have to do with every appropriation bill.

Senator GEORGE. I would just like to ask the Secretary a question there. Mr. Secretary, your estimate of revenue from existing taxes and from the new taxes included in either the House or the Senate bill, or both, is based, of course, on the assumption that business is not going to move back to where it was even a month ago?

Secretary MILLS. Both estimates are based on the assumption that there will be an improvement in business during the course of the next 12 months.

Senator GEORGE. What percentage of improvement is indicated? If the improvements reached the level of your February-March estimate, then the old estimates would be applicable again?

Secretary MILLS. Let me illustrate, if I may, without using these as actual figures. If you assume that we had estimated an average of business activity of 77 for the year 1932—and my recollection is that in January the index number was around 71—that meant that

to get to 77 you possibly would have had to go from 71 to somewhere in the eighties during the course of the succeeding 11 months.

Now, then, in April, that index had gone to 64. It is therefore apparent that, no matter what the rise is, it can not go so as to give us an average of, let us say, 77 for the year, first because the date of the rise has been postponed; and secondly, it starts from a much lower level.

So, while we are still assuming that the business curve will rise—and I for one am very confident that the day the Budget of the United States Government is balanced beyond all question, conditions are right for a turn—but even so, that turn can not come fast enough or be sharp enough to affect the revenue so as to restore our February estimates.

I do not want anyone to think that we are budgeting on the basis of the present low levels. We are budgeting on the theory that business is going to improve, and I for one am confident that when the Congress has done this job, and perhaps one other, and we have nothing to contend with but a presidential election, the improvement may be much faster than most people anticipate.

Senator COSTIGAN. Mr. Secretary, have you considered a cut in the Army and Navy appropriations? Has the Treasury considered that?

Secretary MILLS. That, Senator, falls wholly without my jurisdiction, and anything which I said on that subject would not carry with it anything more than the opinion of an individual. But I assume that the Appropriations Committee of the Senate and the special Economy Committee of the Senate have gone into it very fully.

Senator BINGHAM. The original Budget asked for a cut.

Secretary MILLS. Oh, yes, and the House Committee cut both the Army and Navy by a very substantial amount.

Senator GEORGE, did I answer you?

Senator GEORGE. Yes, but I want to ask this one other question: So your view is that, however we get the money, we ought to provide a \$285,000,000 additional income. Is that tight?

Secretary MILLS. I say that that is necessary to balance this Budget.

Senator GEORGE. Well, we agree that that is a necessary thing.

Secretary MILLS. When you say "however," that is pretty sweeping. That might justify a capital levy, if it were constitutional.

Senator GEORGE. I meant any reasonable means.

Secretary MILLS. Reasonable means should be used by the Congress in order to raise additional revenue.

The CHAIRMAN. I understand, Senators, that the President of the United States is coming at 12 o'clock to address the Senate. Perhaps it would be just as well for us to adjourn until after that.

Senator REED. Mr. Chairman, the President is coming up, I understand, to make some recommendations toward action on this tax bill. It seems to me that the committee ought to, in respect to him, defer action for a half an hour, until we have heard what he has to say.

Senator CONNALLY. The President may come ahead, but the situation is going to be worse after he comes than before.

Senator BINGHAM. I did not suggest it.

Senator WATSON. Of course, I knew nothing in the world about the President's coming here until I was notified a few minutes ago. He is coming on his own motion. After he talks then we can get together.

Senator CONNALLY. Every one of us knows what he is going to say.

Senator HARRISON. It will just add confusion.

The CHAIRMAN. We will meet again here, then, right after the President concludes his statement.

(Accordingly, at 11.30 o'clock a. m., the committee adjourned, to meet upon the call of the chairman.)