

quests. As a result of a provision of Federal law designed to prevent tax avoidance, such State taxes in turn give rise to increased Federal tax liabilities. H. R. 6887 is intended to relieve charitable bequests in these situations to the extent that Federal legislation can do so.

I am sympathetic with the objectives of both portions of the bill. However, I am informed that there are three defects in the part of the bill dealing with the estate tax, which are sufficiently serious to require my disapproval.

First, this legislation would often increase Federal tax liabilities on estates containing bequests to charity.

Second, the legislation would, in certain situations, accrue not to the benefit of charity but to other heirs.

Third, it would disturb existing well-established relationships between Federal and State inheritance and estate tax liabilities based on the credit against Federal tax liability allowed for taxes paid to States since 1926. Since the State tax on the charitable bequest is deductible under the bill, it would no longer be counted in determining the amount which may be claimed by the estate as a credit for State taxes paid against the Federal tax liability. However, the tax imposed under the so-called State pickup laws, which are designed to absorb the full credit allowable against the Federal estate tax, is based upon the total State tax otherwise levied (including the tax on the charitable bequest). Consequently, many State pickup laws would not pick up the full amount allowable as a credit. Enactment of this bill would probably stimulate State legislation to enlarge the credit for taxes paid to States.

In view of these defects in the legislation, I must reluctantly withhold my approval from the bill, H. R. 6887.

My reluctance would be greater, however, had I not been advised that the defects in section 2 of the bill can be remedied and that section 1 and section 2, appropriately remedied, can be enacted so as to apply retroactively without any serious difficulty.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, August 12, 1955.

#### RESERVOIR PROJECTS IN TEXAS

H. R. 7195. I have withheld my approval from H. R. 7195, to provide for adjustments in the lands or interests therein acquired for reservoir projects in Texas, by the reconveyance of certain lands or interests therein to the former owners thereof.

The bill would authorize the Secretary of the Army to make adjustments in the land holdings of the United States acquired for five Texas reservoir projects (Belton, Benbrook, Garza-Little Elm, Grapevine, and Whitney Reservoirs) by reconveyance of certain lands to former owners, or the grantee, devisee, or successor in title of a former owner of contiguous property.

The Secretary has no authority to adjust land holdings where title has been acquired by purchase. The bill would provide the Secretary with authority to make such adjustments through reconveyance of lands or interests in lands to former owners at what the Secretary de-

termines to be the original purchase price, adjusted to take into account improvements, damages, or interests retained by the United States.

However, H. R. 7195 goes further and requires the Secretary to determine whether the rights of a grantee, devisee, or successor in title of a former owner of contiguous property are equitably superior to the rights of the former owner himself. The law reports are replete with decisions which disclose the problems with which courts have been confronted in giving just recognition to asserted equitable interests in title to a tract of land. Moreover, in such cases the courts have enjoyed the historic cautionary benefits of the judicial process, such as notice and hearing, rights of intervention, the rules of evidence, and judicial precedents in a particular jurisdiction with respect to the application of equitable principles. The bill does not provide, and the Secretary of the Army does not have, comparable cautionary benefits for an administrative proceeding in which he would be required to engage in the subtle problems involved in weighing justly the equitable superiority or inferiority of the rights, on the one hand of a former owner of a tract, and, on the other hand, of those of the grantee or successor in title to a contiguous tract of property.

This provision would unjustly expose the Secretary to a series of burdensome and time-consuming administrative proceedings which are entirely alien to his statutory responsibilities. It would inevitably subject him to criticism from unsuccessful contestants. These unnecessary burdens and the attendant criticism can, and should, be avoided.

It is my firm opinion that, except for the return of lands or interests directly to the former owners or their heirs in cases of this kind, lands no longer required for project purposes should, if determined to be excess to the needs of the Department, be reported to the General Services Administration for disposal in accordance with general legislation providing for the disposition of excess and surplus Government-owned property. I see no reason for establishing a new and special category of priority holders based on a chain of title from a former owner of contiguous property.

I have approved legislation authorizing similar adjustments by reconveyance of lands to former owners (or their heirs) upon application by them at Demopolis lock and dam, Alabama, and at Jim Woodruff lock and dam, Florida and Georgia, because I am convinced of the soundness of the principle behind the revised reservoir land acquisition policy of the Departments of the Army and the Interior.

I recommend that the Congress reconsider H. R. 7195 and enact a bill along those lines for the five reservoir projects in Texas to which the bill is applicable.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, August 12, 1955.

On August 14, 1955:

#### AMENDING DOMESTIC MINERALS PROGRAM EXTENSION ACT

H. R. 6373. I have withheld my approval of H. R. 6373, an act "To amend

the Domestic Minerals Program Extension Act of 1953 in order to extend the programs to encourage the discovery, development, and production of certain domestic minerals."

This bill, by congressional action, would direct the continuation of the existing domestic minerals purchase programs under the Defense Production Act for certain minerals after defense needs have been met. Moreover, it would continue such purchases at prices considerably in excess of market price. It would direct the establishment of two new manganese buying depots and the reopening of a third. It would commit an additional \$150 million for the purchase of double the original program quantities of these minerals.

Pursuant to the Defense Production Act of 1950, as amended, certain purchase programs were established for these minerals during the Korean hostilities. Public Law 206 of the 83d Congress extended for 2 years the termination dates of these programs. H. R. 6373, in effect, would direct the expansion of these programs so as to require the Government to buy far greater quantities of these minerals than are necessary for defense purposes. As a result, Government assistance to the producers of several minerals will be continued under the guise of defense needs when such needs do not exist.

Furthermore, the fiscal arrangements that are provided for in H. R. 6373 are unsound. The bill would bypass the usual budgetary processes and the customary review by congressional committees. It would direct the use of the defense borrowing authority conferred by the Defense Production Act.

Finally, the provisions of H. R. 6373 would apply to only a small segment of the domestic minerals industry and would not reach the fundamentals of the problem. Indeed this bill would make solution of the overall problems of the industry more difficult.

I am conscious of the desirability of developing a long-range minerals program for the United States to assure an adequate mobilization base and to preserve a sound minerals economy. The Advisory Committee on Minerals Policy so advised and the Office of Minerals Mobilization has been established in the Department of the Interior to determine and recommend such a program. The funds to make the necessary studies have just become available, and work toward the development of a long-range program has begun.

The interests of the domestic minerals industry will be better served by proceeding with the careful development of a long-range minerals program than by approving a stopgap measure extending substantial Government aid to only a segment of the industry. Meanwhile, with the exception of a single manganese depot, the existing domestic minerals procurement program remains uncompleted, and sales by domestic miners to the Government will continue under the provisions of the regulations now in effect.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, August 14, 1955.