Mr. BYRNES. That is right.

Mr. SURREY. However, with respect to the right of the President to withdraw that with respect to any country that does not give us reciprocal treatment, that extends also to the graduated rate provision.

Mr. BYRNES. That is one of the things I wanted to get to, which is another revenue concept that we are writing into the law.

Mr. SURREY. Yes.

Mr. BYRNES. This is a new concept, when we reduce the tax, which really is what you are doing here, but the President has the right if he wants to withdraw that lower rate and make the person subject to a higher rate.

Do we have anything analogous to this, where we let the President determine what rate of tax an individual or a group of individuals is going to pay?

Mr. SURREY. We have a present provision in the law that if the President finds another country is discriminating against U.S. citizens, he can so find and the rates of tax on citizens of that country are increased.

In other words, there is a provision now in the law that gives the President authority to act in some cases where he finds discrimination. There are other situations in the law here and there where the treatment given by the Congress is conditional upon reciprocal treatment by the foreign country.

For example, we do not reduce the taxation of foreign shipping companies unless we find that the foreign country in turn does not tax our shipping companies. There are one or two provisions of that nature indicating that certain concessions will not be allowed unless there is reciprocity, and we have taken those analogies and tried to put them into one coherent provision to cover the various situations that the Secretary has indicated.

Mr. BYRNES. We have a situation under section 891, for the doubling of the rate of tax, where the foreign country discriminates against U.S. citizens. Has that ever been used?

Mr. SURREY. It hasn't been used. The fact that it hasn't been used may be due to the presence of the provision. Normally countries try not to discriminate with respect to persons of a single country.

Mr. BYRNES. If memory serves me correctly there was a complaint that the Japanese last year had discriminated in some kind of a tax. I foreget what the details were. I guess this was the section they were referring to that should be invoked by the Government. In other words, this provision in this bill relating to the authority of the President to withdraw the liberalization is not a new concept.

Mr. SURREY. I think it draws its foundations from present concepts, but it takes those present concepts and builds them into a provision which we think is necessary to complement the unilateral action that the United States is taking in this bill.

Mr. BYRNES. This wasn't the recommendation of the task force?

Secretary FOWLER. This was not. I think the problem that we are concerned with here was discussed, but it was not specifically treated in the report.

Mr. SURREY. I think it grew about because the task force thought that we ought to move unilaterally in all these areas, that the United States just by statute grant all these privileges.

The Treasury was initially more concerned about doing this through treaty. The task force thought that process would be too slow, so