

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. LONG of Louisiana. Mr. President, it saddens this Senator to see members of what I believe to be the finest committee in the Senate reflect on their own committee, particularly when what they say is not accurate in every respect in order to so reflect.

For example, the Senator stands on the floor and talks about this horrible bill, although he voted for all of the major amendments in the bill.

The Senator talks about losing revenue. Where is revenue lost? This bill has \$385 million worth of benefits for the aged people. Of that \$385 million there will be \$100 million paid by those people themselves.

It might be said, on balance, that this bill would provide about \$285 million for those aged people. Every Senator on the committee voted for one amendment, and most Senators voted for the other.

This particular provision says the law is what the Treasury said it was until July 14, of this year. When the Treasury got ready to change the law administratively, which they have no power to do, they proceeded to look at who had these funds being organized. They said, "We will take care of that fellow, and this fellow, and this fellow."

I voted with the Treasury on this matter because I think they have a good argument on the merits. As far as the law is concerned, they are dead wrong, and the committee thinks so too.

How do you want to change the law? Do you want Congress to legislate a change in the law or do you want the Treasury to change the law by legislative usurpation?

The whole matter is in conference and we can rewrite the provision, and this item will not cost the Treasury one penny.

I can show why it is so. Suppose someone owns stock which has been in the family for a long time, which was worth \$100 a share when it was purchased. It is now worth \$5,000 a share. Suppose he has a half million dollars worth of that stock. If he sells it he has to pay one-fourth of the profit on it in taxes. Therefore, he is not going to sell it. He will keep it. He would like to diversify his risk and put it into a common fund with some other stocks and have his interest in the fund and, therefore, not have as much risk in having all of his eggs in one

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basket. If he does it, does he owe a capital gains tax or does he not?

The Treasury Department until July 14, 1966, had an interpretation outstanding which said that he does not owe a tax on that transaction. If he sells his

interest in the fund at such time as he disposes of it, he will pay taxes on the basis of the \$100 that he began with, and everything else would be a gain. He is not going to make the transaction to dispose of the stock and pay all of the tax that he would owe if he did so.

It may be that we should legislate the way that the Treasury would like us to legislate. If that is what we want to do, we could do it in conference. As the chairman of the committee, I voted against the provision in committee. In conference, the Treasury officials will be in the room to explain this—and the Senator from Delaware [Mr. WILLIAMS] can be a conferee if he wants to be, and hear what they think and how it should be worked out. We can do anything we wish to do, from leaving the law as it is or changing it, or any point between the two. As between changing the law by administrative usurpation and changing the law by congressional act, I would prefer to see the latter.

Mr. LAUSCHE. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. I yield to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, it is apparent to me that the Senator from Louisiana is convinced that the Treasury Department is right. He admits that by his very statement. This bill or this amendment which we adopted is intended to frustrate the legitimate and honest judgment, certified to be so by the Senator from Louisiana.

Mr. LONG of Louisiana. If the Senator will yield, the Treasury is—

Mr. LAUSCHE. The Senator stated, and the RECORD will show, that the Treasury Department is right in its argument. Now, if it is right, why have we adopted an amendment to say it is wrong?

Mr. LONG of Louisiana. The Treasury, in my judgment, has a good argument on the merits of whether such an exchange should be taxed, but as to an interpretation of what the law is at present, they are as wrong as anyone ever was, in my judgment.

Mr. LAUSCHE. That is what he has said, but the Treasury Department does not agree with him and the Senate has now found it necessary to rewrite the law. If the law is contrary to what the Treasury Department says, why do we rewrite it?

Mr. LONG of Louisiana. Well, we will tell the taxpayer what the law is and what it is not.

Mr. LAUSCHE. Surely, but, anyhow, the Senator from Louisiana concedes that the Treasury Department said that a loophole will be created and that the amendment should not be adopted, and the Senator from Louisiana voted against the amendment.

Mr. LONG of Louisiana. Treasury says this is a loophole, but only Congress can do anything about it, not the Treasury.