

amendment would go to doctors, lawyers, and dentists. Indeed, one-half of the total revenue loss would go to individuals in these professions with incomes over \$25,000.

The amendment would represent an automatic tax reduction for those self-employed already making pension contributions since, without any change in their contributions, their tax deductions will double. Two-thirds of the revenue loss—about \$20 million—for the first year would be directed to this automatic tax reduction—of which \$15 million would go to better-off professional people.

For the future, it is likely that the increased tax benefits will only serve to attract more of the same class of high income self-employed into pension plans. These plans by their very nature can have only limited value to the plumber, the small shopkeeper, or the farmer—the savings of these people are needed for their businesses, to meet the social security tax on their self-employment income, and for their family obligations—and therefore are not generally available to be set aside in private retirement plans, and none at all for the ordinary laborer, the fellow we used to call the “working stiff.” It is apparent that self-employed pension plans are attractive only to a class with liquid assets and already possessing sufficient security so that some assets can be set aside permanently until retirement. The only class meeting these conditions is the better-off professional group. This has been borne out by the Canadian experience over more than 6 years under a similar pension arrangement for the self-employed. The benefits of this arrangement have been highly concentrated in the upper income groups.

I would suggest, with no disrespect to the distinguished Senator from Indiana, that if he wishes to pursue H.R. 10 as such, it ought to be considered separately, and not as a part of the measure pending before us.

Mr. LONG of Louisiana. Mr. President, the Senator from California had wanted me to yield for a question. I yield to the Senator from California.

Mr. MURPHY. Mr. President, I should like to say a word here in behalf of a group of self-employed people in a craft of which I was a member for about 30 years, the highly paid actors in Hollywood, most of whom survive for a career the average length of which is 7½ years. This is proved by statistics. Many of them have 2, 3, or 4 years of high earnings, and many, including the present junior Senator from California, have paid as high as 86 percent of their gross earnings in income taxes.

I was impressed by the statements made earlier by the distinguished Senator from Louisiana in behalf of older people. I should like to point out that we, the actors in Hollywood of my era,

are now joining those ranks. I shall be ready very shortly—on June 4 next year.

I should like to point out that we had, at our own expense some 20 years ago, to establish a home for our own indigent people. I would like the RECORD to show that we had in that home the actors and actresses who had signed contracts for the greatest number of dollars over the shortest period of time.

There are great athletes from time to time who have had tax troubles. Joe Louis, one of the great champions and one of the outstanding men of his race, has had tax troubles.

I could give a list of my colleagues in the motion picture profession who might have been saved embarrassment and might have been able to take care of themselves after the years of their productive capacity had passed by had there been such a bill.

I ask if the Senator from Louisiana has given any thought or concern to these people with high incomes over a short period of time who disappear to unknown places.

I know where they go because I made it my business to find out.

I ask if those people are entitled to consideration.

Mr. LONG of Louisiana. With regard to self-employed actors, for whom the Senator speaks, they are very fine people.

One of the finest things that I can say about them is that I did not see any of that group coming in to ask for any special advantage.

In the 1964 act we cut the top tax rate from 91 percent to 70 percent. If a person was actually paying 86 percent of his income in taxes, we probably doubled his take home pay as a result of the 1964 tax cut.

There was also an averaging provision in that bill. One could average his income over a several-year period.

Mr. MURPHY. I understand that applies to writers but not to actors. I may be incorrect.

Mr. LONG of Louisiana. It applies to everybody. By averaging his earnings,

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a person can save a great deal of taxes that he would otherwise have to pay. This would be of help if he had to quit acting for some reason. A number of provisions are contained in the law in order to help such a person.

I am looking at the data that was provided to us by the Treasury. This was made available to the Ways and Means Committee.

Let us see who is taking advantage of what we have already done for the self-employed. With all the deductions and the money going into this program right now, 60 percent of this is from the returns of doctors, physicians, surgeons, optometrists, and other medical specialists, and 60 percent of the actual deductions benefit doctors.