

manner that he may do for contributions on behalf of his own employees.

Second, the amendment removes the 30 percent limitation on "earned income" to be considered for retirement plan purposes. The present act restricts the amount of earned income which will be recognized for contribution purposes where capital as well as personal services is a material factor in the production of income. It is highly unrealistic to attribute only 30 percent of the net profits of a business to personal services and the present act is of a little help to small businessmen and farmers.

The new definition of "earned income" will continue to require that substantial personal services be devoted to the business if deductions are to be taken with respect to contributions for the self-employed benefit.

I believe this amendment will go a long way to remove the inequity that has existed as to the tax treatment accorded self-employed persons who desired to establish private retirement plans, and should benefit small businessmen, farmers, and professional people. It is my view that they are entitled to the same benefits in providing for their own retirement as has been extended to both corporation executives and employees for many years.

I was happy to be recorded for this amendment and I appreciate the courtesy of Senator SIMPSON who was opposed to this amendment and withheld his vote on the floor to pair his position with me.

I want to note also the very important provisions included for our citizens who are 65 and over in this bill. Payment for drugs prescribed for illness is authorized in connection with the supplemental medical insurance plan enacted by the Congress last year.

I supported and voted for the programs of hospital care in the Senate, and I know the importance of this benefit to our older citizens who are participating under this law. The benefit would become available July 1, 1968, under this provision of this Senate bill.

The provision which now limits medical deductions for all tax payers 65 and over to the excess of 3% of the adjusted gross income is changed by this Senate bill to a limitation of only 1%. I am glad to support this change, as I know the heavy costs of medical care which face our citizens today. This reduction of the limit would be available beginning this year.

The Senate Finance Committee has worked hard on this bill, and I am hopeful that the House will agree to the improvements made in this bill by the Senate. I am glad to support the bill.

Mr. SMATHERS. Mr. President, I would like to take this opportunity to congratulate and commend the very able and distinguished chairman of the Senate Finance Committee, Senator RUSSELL B. LONG, not only in the handling of the foreign investors tax bill before us, but of other bills as well.

He is a fair man; he is a just man. He is one who gives every individual his right to voice his views both pro and con.

There are amendments in the pending measure which are not necessarily to my liking. There are others that are. I was the one in the Finance Committee who proposed the total tax exemption for

medical expenses for our senior citizens. Some opposed this amendment but most certainly I did not criticize them as being against our senior citizens for having done so.

The further liberalization of the Self-Employed Retirement Act amendment was one which was to my liking. I have supported this concept over the years. The chairman and others on the committee were opposed to it but the Senate saw fit to adopt what I feel now will provide equitable treatment for some 18 million self-employed and their employees.

Every Senator has a right to propose and oppose an amendment and certainly should not be criticized for doing so. This is the way our democratic process must work.

Senator LONG is a fair and able chairman of the Senate Finance Committee. All of us in the Senate can be justly proud of the manner in which he is conducting himself in the handling of highly technical and complex tax legislation.

In my opinion, he should be commended rather than criticized.

Mr. LONG of Louisiana. Mr. President, I yield back the remainder of my time.

Mr. WILLIAMS of Delaware. Mr. President, I yield back the remainder of my time.

The ACTING PRESIDENT pro tempore. All time has been yielded back. The bill having been read the third time, the question is, Shall it pass?

On this question the yeas and nays have been ordered; and the clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. HOLLAND. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER (Mr. HARRIS in the chair). The Senator will state it.

Mr. HOLLAND. What is it we are voting on?

The PRESIDING OFFICER. Final passage.

Mr. HOLLAND. I thank the Chair. The assistant legislative clerk resumed the call of the roll.

Mr. LONG of Louisiana. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from Indiana [Mr. BAYH], the Senator from Nevada [Mr. CANNON], the Senator from Idaho [Mr. CHURCH], the Senator from Illinois [Mr. DOUGLAS], the Senator from Mississippi [Mr. EASTLAND], the Senator from Tennessee [Mr. GORE], the Senator from Michigan [Mr. HART], the Senator from Arizona [Mr. HAYDEN], the Senator from New Hampshire [Mr. McINTYRE], the Senator from Montana [Mr. METCALF], and the Senator from Utah [Mr. MOSS] are necessarily absent.

I further announce that, if present and voting, the Senator from Indiana [Mr. BAYH], the Senator from Idaho [Mr.