of its amendments to which the House receded.

The two Senate amendments upon which your conferees receded with changes were the floor amendments offered by Senator Yarborough. These Senate amendments altered the provi-

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sions of the Foreign Investors Tax Act relating to the income and estate taxation of the bank deposits and the interest derived from those deposits of nonresident aliens and foreign corporations.

The effect of the Senate receding on those two amendments was to tighten up on the tax laws. In the future they will force foreigners to pay taxes they do not presently owe on income and on their estates.

The managers on the part of the House were willing to recede to 23 other Senate amendments made to the Foreign Investors Tax Act, but they insisted that this provision of the act contain the principles present in the bill as it passed the House. Although your conferees receded to the House provision, we were able to persuade the House conferees to extend the exemption of present law until 1973, which is 1 more year than that provided by the House bill. Therefore, the permanent exemption that would have been granted by Senator YARBOROUGH's amendments is to be continued until 1973. Moreover, postponing the date when these funds are taxed until 1973 will give Congress ample opportunity in the future to consider the impact of this provision on our balance of payments and on the gold flow. Should circumstances require, there will be plenty of time to reconsider the effective date of this provision. Your conferees receded on four amendments, one of which related to deductions of medical expenses of individuals age 65 or over.

Mr. President, next year we may well enact this provision. But the House conferees were adamant on it. It was an amendment offered by the Senator from Florida [Mr. SMATHERS]. It was a good amendment. But the House wants more time to think about this matter.

I have no doubt that after the House conferees have gone back to their people, in November or December—if they ever get there—and have an opportunity to discuss with the old folks, the increase in tax that the aged people will have to pay, they will return in January and go along with the Senate on this matter on which we had to recede. That was one of the most expensive items in the bill. It would have cost about $180 million.

We also had to recede on Senator DOUGLAS' amendment to provide for coverage of expenses of certain drugs under supplemental medical insurance benefits. The House conferees said they will study this entire matter next year. In addition they will study a plan to increase social security benefits that would dwarf this proposal; and when the House sends us a social security bill, if we still wish to provide for drugs for the elderly we can provide them. We were told that it would take quite a while, probably more than a year, to work out the details of this matter, because it will be necessary to analyze the various drugs that would be provided to aged people and to determine how much should be paid for each one of the drugs when it is provided. The technical aspect of the matter, we were advised, would delay it for a long time.

Another amendment on which the Senate conferees receded related to social security benefits regarding certain illegitimate children. We were required to drop that item. The House will study it next year and see what they can do about it.

The fourth amendment on which the Senate conferees receded related to the minimum amount to be treated as earned income for retirement plans of certain self-employed individuals. The reason why we found it necessary to drop this amendment was that we took all of H.R. 10. That was offered by Senator HARTKE, on behalf of himself and Senator SMATHERS. The result was that all of H.R. 10 was agreed to by the House conferees. Therefore, this other amendment which had been put in by the Senate committee and which provided a small part of H.R. 10, was not needed.

The action of your conferees on this latter amendment was only technically a recession. It was necessary that we recede to this amendment since the benefits provided by it also were provided on a much more liberal basis in the Senate amendment which provided for the removal of the special limitations with respect to the deductibility of contributions to pension plans of self-employed individuals. This is the so-called H.R. 10 provision. The House accepted that amendment, as they well should, because the House had passed the bill unanimously.

Your conferees were most reluctant to recede on the amendment which would have provided the old folks with coverage of expenses of drugs under supplemental medical insurance benefits. Although I was not the primary sponsor of this amendment, I feel very personally the deletion of this provision from the bill. In my judgment, this is a benefit which should be granted to the old folks, and I believe that the only major obstacle which kept it off this bill was the question of its timeliness. The Senate should remember that the President recently announced that he will request legislation early in the next Congress which will provide increased social security benefits, the House conferees had just finished two strenuous days of discussion in the Ways and Means Com-