

these funds may be used and how they many not be used, but I do feel that those who say there presently are no safeguards have overstated their case.

Contrary to the general impression that some have tried to create, this is not a hastily concocted scheme.

It has long been suggested that Government should find some way to help finance the cost of these campaigns. Theodore Roosevelt suggested nearly 60 years ago that this should be done with public funds. Later the Special Committee To Investigate Campaign Expenditures of presidential, vice-presidential, and senatorial candidates in 1936 suggested that private contributions to political campaigns be prohibited entirely and that instead all election expenses should be defrayed from public funds. In 1959, Jasper B. Shannon, professor of political science at the University of Nebraska, recommended a similar plan in his book "Money and Politics." Earlier this year Prof. John Kenneth Galbraith suggested, in connection with State offices, that the Government "provide every regularly nominated candidate with a public grant of sufficient size to enable him to get his name, merit if any, and platform before the people. These grants would be available to candidates for statewide office, the general court and for the senate and house of representatives."

I introduced a bill on June 15 of this year to provide funds from the Treasury to help defray the cost of presidential campaigns. In doing this I was largely implementing a thought which had been before the people for discussion for nearly six decades. This is a matter which I have been studying for over a year and it is a matter which has been thoroughly analyzed by the Senate Finance Committee. The best minds of the staff of the Finance Committee and the staff of the Joint Committee on Internal Revenue Taxation, the Senate Legislative Counsel, the experts of Treasury, as well as other advisors to the President and the senior members of the House Committee on Ways and Means have all contributed meaningfully to the effort to find a proper answer. This is an important building block on which we can build a proper system for controlling political campaign contributions. Moreover, it is the first answer to this problem of financing political campaigns for which it has been possible to obtain majority support from Congress. This in itself is an important achievement in such a controversial field as this.

Let me conclude my comments on the presidential political campaign financing by saying that I consider this one of the most important and constructive pieces of legislation passed by Congress this year. I believe time will show that what I have said is true.

ELEVEN NONCONTROVERSIAL STRUCTURAL CHANGES

As I indicated previously, the bill includes 11 structural changes not relating to the Foreign Investors Tax Act but about which no questions have been raised. These are not hastily put-together provisions. For the most part they represent provisions which have been carefully studied by the tax committees and their staffs. Three of these provisions, for example, had been considered and were reported favorably by the House Committee on Ways and Means. Moreover, the provision relating to "straddles" had been the subject of an extensive technical study by the staff of the Joint Committee on Internal Revenue Taxation in cooperation with the Treasury Department staff. The provision relating to per unit retain allocations of cooperatives is a matter studied over a long period of time both by the affected industries and also by the technical staffs of Congress and the Treasury Department. Three of the structural changes constitute improvements in the interest equalization tax which have been carefully studied by the staffs. Another of the amendments provides for an annual report on contingent liabilities and assets available to cover them. This report is one Senator SALTONSTALL has sought for some time and is one which should aid all of us in getting a better insight of the Government's financial status. The Finance Committee had recommended the Saltonstall amendment to the Senate back in the 88th Congress and again in the 1st session of the 89th Congress. On both occasions the Senate approved the bill without objection.

These 11 amendments can be summarized, as follows:

First. Corporate acquisition of assets of another corporation: Under present income tax law, the purchase from an unrelated party by one corporation of at least 80 percent of the stock of another corporation followed by the liquidation of the acquired corporation within 2 years is treated as a purchase of the assets of the acquired corporation. This amendment expands the definition of "purchase" to include the purchase of stock from a 50-percent owned subsidiary if stock in the 50-percent owned subsidiary was also acquired by purchase. The change is to be effective with respect to acquisitions of stock made after December 31, 1965.

Second. Self-employed persons retirement plans—certain income of authors, inventors, and so forth: This amendment modifies present income tax law relating to self-employed individuals' retirement plans to permit authors, inventors, and so forth, to include gains—other than capital gains—from sales and other transfers of their works in their earned income base for the purpose of