

income—and one or two employees—that have adopted these plans. The individual with a small business finds this limitation particularly onerous.

Mr. Speaker, the bill which we are considering today seeks to narrow the gap between what is available to corporations in making provisions for their officers and employees and what is available to the self-employed in providing for the retirement of himself and his employees.

Mr. Speaker, the bill would still retain the maximum limitation of \$2,500 on the amount which the self-employed can contribute on his own behalf, a limitation which does not apply to corporate contributions on behalf of its officers. However, the bill would permit the self-employed to deduct the full amount of that contribution, just as he deducts the full amount of the contribution on behalf of his other employees.

Mr. Speaker, in addition to removing the 50-percent limitation upon the amount the self-employed can deduct, the bill also amends the definition of "self-employed income," in order to conform to the definition used in the social security law. Under existing law, where capital, as well as personal services, is a material income-producing factor, earned income is limited to 30 percent of the net profits of the business. This means that in addition to all other limitations, only 30 percent of the profits of such an unincorporated business can be treated as self-employment income. The remaining 70 percent must be treated as investment income, not subject to the provisions of H.R. 10. For all practical purposes, unincorporated farmers were thus precluded from setting up pension plans for themselves and their employees. Adoption of the social security rule removes another impediment to the more widespread use of self-employment retirement plans.

Mr. Speaker, also, let us not forget that whenever an employer adopts such a plan to protect himself against his old age and retirement, he is also extending that same protection to his employees. So by this method a large group of employees in this country who today are without this added protection can be brought in and given this protection. We are not talking just about the self-employed individual himself.

Now, Mr. Speaker, it should be quite clear to all the Members of the House that the Department of the Treasury opposes this bill.

The SPEAKER pro tempore (Mr. Boggs). The time of the gentleman from Wisconsin has expired.

Mr. BYRNES of Wisconsin. Mr. Speaker, I yield myself 3 additional minutes.

The SPEAKER pro tempore. The gentleman from Wisconsin is recognized for 3 additional minutes.

Mr. BYRNES of Wisconsin. But, Mr. Speaker, let it be remembered that the Department of the Treasury has opposed legislation in this field from the very beginning. It opposed the original legislation when it was pending before the House of Representatives. It was the Department of the Treasury that succeeded, in a sense, in almost gutting the bill when it was pending 4 years ago before the other body. And, Mr. Speaker, I have no doubt that they will probably attempt to load the bill down with crippling amendments when it gets into the other body again. But this time, however, I would hope that when the House of Representatives reiterates its position, as I fully expect it will today, that our conferees will stand firm and I think the other body should be on notice that the House of Representatives does not intend to have these kind of limitations put upon this program.

Of course, when one says the Treasury opposes the bill and did oppose it before, I do not think that should necessarily have an influence on this House in this instance. I would cite just a little example of a situation earlier this year when the Treasury and the administration fought almost to the dying end to prevent the inclusion in the Tax Adjustment Act of 1966 of a provision for social security payments to those people over 72 years of age under the Social Security Act. But, when the bill got down to the White House to be signed, the President was all for it—and the administration claimed great credit for having that enacted into law. Yet it was enacted into law only over the vigorous objection of the Treasury Department and of the executive agencies concerned.

So, I would hope that on this bill, we might have a similar experience—that although the Treasury opposes it today, when it goes to the President that then the administration will be all for it.

Mr. Speaker, it is indeed anomalous that this administration which purports to have such great interest in the aged, and we heard considerable about that over the weekend, should oppose this legislation when its purpose is to provide a system whereby individuals can take care of themselves and take care of their employees in their older age and in their retirement.

There has been and there must continue to be expansion in the service trades. More and more of our workers will be in the service industries. It is in this area that the small businessman with a few employees—the self-employed—can make the greatest contribution to our economy. We should encourage them and not penalize them. We should encourage the skilled workers to prefer to run their own business rather than to work for the larger corporate establishments.