tential inflationary effect upon the economy or that is so discriminatory. There is no justifiable reason for making loans at interest rates below the current market available to some veterans and denying them to others.

Help to veterans in the field of housing can be met most effectively with programs available to all our citizens, veterans and nonveterans alike, through the coordinated activities of the Housing and Home Finance Agency. The recent liberalization of loan terms under the FHA mortgage-insurance program should make this program available to a far wider segment of the population, thus stimulating private home-building activity to meet the growing needs.

It is my considered judgment that the above-mentioned deficiencies of H. R. 4602 are of a magnitude and importance which preclude my approval of the bill.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *September 2, 1957.*

MR. AND MRS. C. H. PAGE

H. R. 1315: I have withheld my approval from H. R. 1315, a bill for the relief of Mr. and Mrs. Charles H. Page.

H. R. 1315 would pay the sum of $14,430.88 to Mr. and Mrs. Charles H. Page in connection with the wrongful death of their son who was a member of the Armed Forces.

On the night of July 4, 1954, the decedent, Pfc. Charles H. Page, Jr., was a member of a motorized patrol at Killeen Army Base, Killeen, Tex. As the patrol approached a classified area after dark it was properly halted and challenged by a posted walking sentry. The decedent identified the patrol, whereupon the sentry requested that the dome light inside the vehicle be turned on. The patrol had twice passed the same sentry earlier that evening after the fall of darkness and had been allowed to proceed after the sentry had been informed that the light did not work. But, this time, on again being informed that the light did not work, the sentry directed the decedent to dismount and be recognized. The latter refused, calling out to inquire if the sentry did not recognize his voice and, at the same time, directing the driver of the vehicle to proceed. The sentry ordered the vehicle to halt and then fired, fatally wounding the decedent.

The decedent was survived by his parents who are the beneficiaries of this bill. The parents were paid a death gratuity of $569.22 and are currently in receipt of monthly benefits from the decedent's free $10,000 indemnity. In addition, upon a showing of dependency, they could qualify for regular monthly payments under the Social Security Act and under laws administered by the Veterans' Administration. The award proposed in H. R. 1315 is additive to the foregoing benefits.

I cannot see my way clear to approve this bill. The Federal Government has provided a costly, comprehensive, and orderly system of benefits for survivors of members of the Armed Forces who die in service. As long as the death is service connected, these benefits are payable regardless of the cause, whether it be in combat or as the result of a tragic incident like the present one. As I have previously noted, the parents here have already received, and presently are continuing to receive, substantial benefits on account of their son's death. On a showing of dependency they could qualify for additional benefits.

H. R. 1315 would add to the benefits, to which the parents have heretofore or may hereafter become entitled, a further award in the amount of $14,430.88. To make such an award in this case would establish a most undesirable precedent with respect to other cases involving service-connected deaths. If this bill were approved, it would be difficult to deny similar awards to the survivors of other servicemen who die under a wide variety of circumstances. To follow such a course would, in my opinion, jeopardize the entire structure of benefits which has been built up for the protection of servicemen's survivors.

I am constrained, therefore, to withhold my approval from H. R. 1315.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *September 7, 1957.*

MRS. HANNAH MAE POWELL

H. R. 1419: I have withheld my approval of H. R. 1419 entitled "An act for the relief of Mrs. Hannah Mae Powell."

The bill would authorize and direct the Secretary of the Treasury to pay, out of any money in the Treasury not otherwise appropriated, to Mrs. Hannah Mae Powell, 1950 East Lehigh Avenue, Philadelphia, Pa., the sum of $11,197.95 in full settlement of all claims of said Mrs. Hannah Mae Powell for refund of excise taxes and other expenses sustained as a result of the actions of the collector of internal revenue of Philadelphia, Pa., in the years 1937, 1941, and 1942.

An examination by the Treasury Department of the facts in this case discloses that Mrs. Hannah Mae Powell has recovered by court action all taxes assessed and collected from her which were in dispute—plus interest—except $464.76 which was barred by the expiration of the statutory period of limitations. These taxes which were in dispute were manufacturers' excise taxes.

After a recovery of the taxes, Mrs. Hannah Mae Powell instituted a damage suit against the former collector, both individually and as collector of internal revenue of Philadelphia, Pa. The district court rendered a judgment in favor of the former collector and denied damages to Mrs. Hannah Mae Powell. This judgment was later upheld by the court of appeals.

The bill, therefore, would give to Mrs. Hannah Mae Powell the sum of $11,197.95 as damages which were denied to her by the Federal district court and the court of appeals. The court of appeals in affirming the decision of the lower court stated (*Powell* v. *Rothensies* (C. A. 3d, 1950), 183 F. 2d 774, 775):

> The evidence offered by the plaintiff herself conclusively establishes that at the time of the levy and seizure in question there were outstanding in the hands of the defendant 2 unpaid assessments against the plaintiff for manufacturer's excise taxes and that the warrant for distraint under which the levy and seizure were made was expressly based upon these 2 outstanding assessments, which with interest and penalty then amounted to $4,718.44. Under these circumstances it was within the scope of the defendant's ministerial duty to make the levy and collection here in controversy and he cannot be held answerable in damages for so doing. The trial judge, therefore, rightly directed a verdict for the defendant.

It would thus appear that the damages sustained by Mrs. Powell resulted from her failure to satisfy two unpaid assessments and that, in collecting the unpaid assessments, the former collector of internal revenue was acting within the scope of his ministerial duties.

H. R. 1419 would have a discriminatory effect, as it would afford to Mrs. Powell relief which had been denied her by the Federal Courts and which would be denied all others in similar circumstances who do not have the benefit of special legislation. Furthermore, H. R. 1419 would create an undesirable precedent by allowing damages to be collected from the United States under these circumstances.

Under the circumstances, therefore, I am constrained to withhold my approval of the bill.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *September 7, 1957.*

PACIFIC CUSTOMS BROKERAGE CO.

H. R. 1591: I am withholding approval of H. R. 1591, a bill for the relief of the Pacific Customs Brokerage Co., of Detroit, Mich.

The proposed legislation would provide for the payment of $29,502.55 to the beneficiary in full settlement of all claims against the United States arising out of an erroneous classification of baler twine which was imported at Detroit, Mich., between May 5, 1950, and February 16, 1951. The collector of customs liquidated these entries at the rate of 15 percent ad valorem, the rate applicable under paragraph 1005 (b) of the Tariff Act of 1930, as modified, in accordance with established and uniform practice for merchandise of this type. The importer failed to protest this ruling within 60 days after liquidation of the entry.

About a year after the entries had been liquidated, the Customs Court, in connection with the importation made by another importer, decided that similar merchandise was entitled to entry free of duty under paragraph 1622 of the Tariff Act. This decision was later affirmed by the Court of Customs and Patent Appeals. This interpretation of the law had no effect on the classification of the merchandise in H. R. 1591, since that duty determination had been made and had become final and binding.

The Congress has established a regular procedure for importers to contest the rate of duty and obtain a judicial determination by the Customs Court of the correct rate. This judicial review is obtained by filing a protest to the collector's decision within 60 days after it is made. No protest was filed by the Pacific Customs Brokerage Co. The Congress, in section 514 of the Tariff Act, has provided that if such a protest is not made within 60 days, the decision of the collector is final and conclusive upon the

importer and all other persons, including the United States. This provision, like other statutes of limitations, is desirable to permit the final disposition of cases in an orderly manner.

The importer had a legal means to contest the classification decision but failed to do so within the terms of the statute. To grant relief in this situation would be inequitable and would discriminate against the hundreds of other importers who have paid duty based upon a construction of the law which the courts have subsequently decided would be erroneous.

For these reasons, I return the bill without my approval.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *September 7, 1957.*

PHILIP COOPERMAN, ARON SHRIRO, AND SAMUEL STACKMAN

H. R. 1733: I am withholding my approval of H. R. 1733, for the relief of Philip Cooperman, Aron Shriro, and Samuel Stackman.

The bill would provide that, for the purpose of determining the individual liability for income taxes for the taxable year 1951 of Philip Cooperman, Aron Shriro, and Samuel Stackman, the elections of said Philip Cooperman, Aron Shriro, and Samuel Stackman, sole stockholders of Queens Syndicate, Inc., which was liquidated pursuant to a plan of complete liquidation adopted on the first day of September 1951, to have the benefits of section 112 (b) (7) (A) of the Internal Revenue Code of 1939 would be considered to have been filed within 30 days after the date of adoption of such plan. The bill states that the benefits of section 112 (b) (7) were denied to the stockholders because the mailing of the elections was delayed, without negligence or fault on the part of the stockholders, until after the 30th day following the adoption of the plan of complete liquidation.

Section 112 (b) (7) provides a special rule in the case of certain complete liquidations of domestic corporations occuring within 1 calendar month for the treatment of gain on the shares of stock owned by qualified electing stockholders. The effect of this section is to permit deferral of tax upon unrealized appreciation in the value of the property distributed in liquidation. An election to be governed by section 112 (b) (7) must be filed by the shareholder or by the liquidating corporation with the Commissioner of Internal Revenue on or before midnight of the 30th day after adoption of the plan of liquidation. Essentially, H. R. 1733 would waive this requirement for the named taxpayers.

The records of the Treasury Department disclose that it was not involved in the untimely filing by these taxpayers of the elections. These records show that on September 1, 1951, Queens Syndicate, Inc., adopted a plan of complete liquidation. On November 18, 1951, elections on Form 964, signed by the electing shareholders, were received by the Office of the District Director of Internal Revenue, Brooklyn, N. Y. Accordingly, the filing of the elections was delayed for more than 6 weeks after the 30-day period prescribed by law for the filing of such elections.

The granting of special relief in this case would constitute an unfair discrimination against other taxpayers similarly situated and would create an undesirable precedent which might encourage other taxpayers to seek relief in the same manner.

Under the circumstances, therefore, I am constrained to withhold my approval of the bill.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *September 7, 1957.*

FEDERAL EMPLOYEE SALARY INCREASES

H. R. 2462 and H. R. 2474: I am withholding approval of H. R. 2462 and H. R. 2474, bills providing increases in salary rates scheduled under the Classification Act of 1949, as amended, and the Postal Field Service Compensation Act of 1955, as amended, and providing salary increases for other Federal employees.

H. R. 2462 would increase salaries, under the Classification Act, by about 11 percent, and would make the increases applicable to all except the most responsible jobs. H. R. 2474 would increase salaries in the Postal Field Service by $546. The increases would range downward from about 19 percent for the less responsible jobs to about 3.5 percent for the most responsible jobs.

I cannot approve these bills because, first, they are not justified by considerations of equity; second, they would materially accentuate existing disparities in the pay scales; third, they would increase total Federal expenditures so as to make large supplemental appropriations necessary; fourth, they would increase the rate of Federal expenditure so as to require in all probability an increase in the statutory debt limit; and fifth, they would contribute unnecessarily to existing and incipient inflationary pressures in our national economy.

First. The claims that the increases provided for in these bills are justified by increases in the cost of living have not been sustained. From July of 1951, the effective date of the 1951 pay increases, to March of 1955, the effective date of the 1955 pay increases, the cost of living increased by slightly more than 3 percent. Yet the 1955 pay increases amounted to an average of about 8 percent for postal employees and about 7.5 percent for classified employees. Since March of 1955 the cost of living has gone up a little over 5½ percent, or a total increase since July of 1951 of about 8.9 percent. Against this increase of 8.9 percent in the cost of living, approval of these bills would result in there having been granted since 1951 to postal employees increases in pay averaging about 20.6 percent and to classified employees increases in pay averaging about 18.5 percent. During this same period, fringe benefits have grown substantially—low-cost life insurance, unemployment compensation, liberalized retirement, and survivor benefits. By no standards do the equities of the situation justify the increases provided for in these bills.

Second. Federal employees have the right to expect fair and equitable wage treatment in relation to each other and in relation to employees in private business. These bills disregard that fundamental principle. Both would widen existing pay discrepancies within the Federal establishment and aggravate existing inequities, and it has not been demonstrated that generally the present conditions of Federal employment are out of line with those of the millions of other citizens working in private industry.

Third, in the absence of any compelling justification on the merits, great weight must be given to the serious fiscal and economic implications of these bills. The bills would increase annual expenditures by about $850 million for increased base pay and increased benefits computed on base pay. To meet these increased costs, either drastic curtailment of postal services and programs covered by the Classification Act, or large supplemental appropriations would be necessary, notwithstanding our firm efforts to operate these Federal programs within existing resources.

Fourth, the bills, by increasing the rate of Federal expenditures in relation to receipts, would press the public debt upward to a point so dangerously close to the statutory debt limit that an increase in the limit would appear unavoidable. The undesirable economic consequences of such action are apparent.

Fifth, these increased expenditures and the threat of increased public debt which they pose would have the effect of adding to the upward pressures on the prices of things Americans buy. I am firmly convinced that our people want orderly economic growth with reasonable price stability. The attainment of this goal lays heavy obligations upon us all. Of the Federal Government it demands fiscal integrity, however hard the choices such a course may impose. There can be no doubt, moreover, that the health of our economy and the defense of the dollar require economic statesmanship of employers and workers, public and private alike, in determining how much we as a nation pay ourselves for the work we do. Government cannot in good conscience ask private business and labor leadership to negotiate wage adjustments with full regard to the whole Nation's interest in price stability while at the same time approving the enactment of these wholesale salary-increase bills.

My decision to withhold approval of these bills is made with firm belief that the Government's salary position must support recruitment and retention of able employees in the thousands of different occupations essential to our Federal operations. An inquiry into the need for adjustments in the structure of executive branch pay systems has been undertaken at my direction. In the event this inquiry demonstrates the need for logical, fair, and discriminating adjustment, recommendations for appropriate action will be made early in the next session of the Congress.

DWIGHT D. EISENHOWER.

THE WHITE HOUSE, *September 7, 1957.*

KNOX CORPORATION

H. R. 2904: I have withheld my approval from H. R. 2904, for the relief of the Knox Corp., of Thomson, Ga., for the reason that it provides for a return by