

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 occurring 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 pe-

riod 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 busi-

ness. 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