importer and all other persons, including the United States, the Federal Government, and the States, other parties 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 time required by 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 classification 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 Shirro, and Samuel Stackman.

H. R. 1733: I am withholding my approval of H. R. 1733, for the relief of Philip Cooperman, Aron Shirro, 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 Shirro, and Samuel Stackman, elections of said Philip Cooperman, Aron Shirro, 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 the creditors of the 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 complete 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 timely 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 undue 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 would increase salaries, under the Classification Act, by not more than 11 percent, up to the maximum increase 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 19 percent for the less responsible jobs to 15 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; and 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 for other Federal employees and by increases for postal employees increases for other Federal employees. By no standards do these bills provide for logical, fair, and discriminating adjustments in the structure of Federal employment.

Second, the increases provided for in these bills are justified by increases for Federal employees. Against this increase of 8.9 percent in 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 increase the cost of living incrementally more than 3 percent. Yet the 1952 wage 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 increase the costs of living incrementally more than 3 percent.

Fourth, the bills, by increasing the rate of Federal expenditures in relation to the gross national product, would push the nation 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, the 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.

The White House, September 7, 1957.

Dwight D. Eisenhower.

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