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Announcer: The week in Congress, recorded on March 8\textsuperscript{th}, 1954, and played on WDOV on March 10\textsuperscript{th}, 1954.

Mr. Kelly: From Washington, DC, transcribed, United States Senator J. Allen Frear reports again to the people of Delaware on current congressional affairs. Ladies and gentlemen, Senator Frear.

Senator Frear: Thank you. Congress is moving toward decisive action in the field of taxation. As you know, all tax matters originate in the House of Representatives, where they are considered first by the Committee on Ways and Means. After bills are studied and acted upon in the lower chamber, they are transmitted to the Senate, and brought, initially, before the Senate Finance Committee. The first tax measure upon which a vote of the House is expected, perhaps this week, will be one reducing excise taxes on a number of commodities. Later on, perhaps within the next week or so, a more comprehensive tax revision bill is contemplated to receive attention. In this brief statement, there is not the opportunity to discuss the contents of the excise tax bill, H.R. 8224, which is now before the House membership. It is sufficient to say that there is not unanimous agreement upon it, and therefore sharp debate is likely before a vote is taken. Many business people aware of the fact that the excise tax bill will move over to the Senate shortly are already contacting those of us on the Finance Committee to express their comments on the existing bill and to offer recommendations for changes in it. Unquestionably, excise taxes increase the problems of the businessman. They not only place a higher price on taxable items, but, in addition, the taxes must be collected and accounted for by the individual or company which handles such articles. Excise taxes currently apply to a great many goods and services. I will not try to mention them here because, quite possibly, I would leave one or two out, and it therefore might appear that I was favoring the taxing of one enterprise or commodity over another. Some of the many excise taxes were put into effect as war measures, designed not only to obtain federal revenue, but to discourage the buying of articles which were in scarce supply. Since production of most goods is now quite high, and inasmuch as our ability to create even greater production constantly exists, much of the argument on behalf of excise taxes as a means of discouraging the purchase of scarce goods has been nullified. There remains, of course, the problem of revenue loss to the Treasury, which must be compensated for
in one manner or another. The excise tax problem is not the major phase of our tax structure. Rather, I think, maybe, most of us are concerned with the question of personal exemptions which, as you know, are now six hundred dollars ($600) per person. In this connection, there are two theories being advanced, affecting the overall tax situation. One of these theories recommends increased personal income tax exemptions in order to place more money in the hands of the consumer. In turn, the consumer would be expected to use that extra money to purchase items of one type or another already available. The other theory takes the position that tax relief should be awarded principally to business and industry in order to encourage increased production. Proponents of this view argue that America’s industrial capacity must be maintained at the maximum degree in order to ensure a continually strong and vigorous economy and avoid a dangerous recession. On the other hand, there are those who believe that the continuing ability of the consumer to purchase more is the answer to our economic needs. These briefly then are some of the considerations to keep in mind as congress approaches full-scale discussions of our federal tax affairs. [05:02] And I hope every person will endeavor to follow this legislation with some care, or what the government does in the taxation field this year may have both a direct and indirect effect on the amount of money which we will take home in our weekly or monthly paychecks a little later on.

Mr. Kelly: Thank you, Senator Frear. From the nation’s capital, you have been listening to United States Senator J. Allen Frear in his regular report to the people of Delaware on current congressional affairs. Senator Frear will be heard again next week at this same time.

[End 05:45]