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Mr. Kelly: From Washington, DC, transcribed, the 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 Mr. Kelly. Congress this week begins more intensive considerations of the numerous and various legislative proposals now pending in the Senate and House of Representatives. As I mentioned in a statement a week ago, the question of a reduction in taxes has quickly emerged as one of the key issues before the congress and will probably remain so for some months to come. As you probably know, the President in his State of the Union message did not recommend tax relief, although it is assumed that the chief executive would not oppose lower taxes if the budget can be brought into balance. Clearly, a debate both in and out of congress is shaping up rapidly on the tax question. And this, being an election year, the discussions are bound to include strong political overtones, especially as we come closer to the spring and summer months. Those of us on the Senate Finance Committee, who are charged with the initial consideration of all tax legislation before it is reported to the Senate itself, will probably be faced with twenty-five or thirty tax proposals of one type or another before many weeks have elapsed. Under the Constitution, all revenue bills originate in the House of Representatives and, if approved, are then sent to the Senate. This year, it is probable that the most widespread public interest will center around tax measures relating to personal income. The rate of corporate taxes, excise taxes, tax loopholes, and other phases of our overall problem may come in for their share of attention. But because more people are directly concerned with the taxes on personal income, we can look for a more sustained review by the tax-writing committees of recommendations in this category. Already, I have been asked a good many times for my views on the merits in a reduction of personal income taxes this year. It may be recalled that Senator Walter George, Senator Bob Kerr, and I were the sponsors of a bill in the last congress to increase personal exemptions, so as to bring tax relief to the low and middle income wage earners. We based our contention on the fact that tax relief in this area would stimulate consumer buying at a time when production of goods was at a very high level. Now, as we begin a new year, availability of consumer goods continues at
almost a record high. Thus, it seems to me, the justification for a tax relief in lower and middle income brackets does exist. We cannot, of course, approve tax relief without examining the probable effect of such action on the Federal budget. As one who has always opposed deficit financing, I support the obvious necessity for returning the budget to a balanced state and maintaining it in that condition. This, it seems to me, can be accomplished through proven attention to all expenditures, including foreign aid. In this connection, I expect to devote subsequent statements to the issue of foreign aid. But meanwhile, I am hopeful that congress and the President will find it possible and practical to give sympathetic attention to the matter of reducing taxes during this latter half of the 84th Congress. The method may lie either in an approval of flat, across-the-board reduction or an increase in personal income tax exemptions. Insofar as the Senate is concerned, our action will depend on the type of legislation which may be approved in the House of Representatives. In closing, let me also state that the question of corporate tax rate and the matter of excise taxes will undoubtedly be reviewed in the course of the Senate Finance Committee’s overall discussions of our tax structure.

[5:00]

Mr. Kelly: Thank you, Senator Frear. From the nation’s capital, you have heard 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 the same time, speaking from the Senate Office Building in Washington.

[End 05:25]