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Speaker: Senator J. Allen Frear  
Transcribed by: David Cardillo  
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[00:00]

Announcer: The Week in Congress, recorded on April 2nd, 1958.

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, Mr. Kelly. As Congress returns to Washington from the Easter recess, discussions of legislation to reduce Federal taxes are again being aired all over Capitol Hill. It is evident that the members of the Senate and House have found that their constituents at home, concerned over unemployment, feel that the question of a tax cut should now receive active and prompt consideration. For the past several months, both the President and some members of Congress have been exchanging views over the wisdom of reducing taxes at this particular time. Fears were expressed that a revenue loss to the Treasury, which tax-cutting would entail, might put the government deeply into the red at a time when it was hoped the budget could be put into balance. In addition, with the cost of living still at a record high, fears were expressed that lower taxes would set off another inflationary spiral and reduce further the already shrunken value of the dollar. For these reasons, many members of the Congress and of the executive branch discouraged talk of tax cuts in the hope that the recession would begin to show signs of waning. Now, however, at mid-April, with no significant upturn in evidence, and faced with the growing demand by the public to provide more spending money, it appears increasingly evident that tax-cutting legislation will be actively proposed within a short time. Just what form such legislation may take is not yet clear. There are, of course, differing views as to whether an across-the-board percentage decrease in Federal income taxes is the best approach, or whether greater relief should be given to the low- and middle-income groups rather than to persons in higher earning brackets. A reduction in corporation taxes is also being actively discussed, with emphasis on relief for small business. The complaint is heard frequently here in Washington that existing tax rates on corporations do not allow small business people to accumulate any backlog of capital or to retain sufficient earnings with which to expand their enterprises. Excise tax relief is also receiving attention. A reduction or elimination of the transportation tax could be a reality. A decision to approve a tax-cutting bill, if made, should not be considered as a sign that the recession is worsening. As a matter of fact, there is no reason why the government should not readjust tax rates
periodically, and downward if possible, without the existence of any
economic emergency. Tax rates have been normally high over recent
years, chiefly because of our huge outlays for national defense and foreign
aid. Even if the economy had not taken a downward turn, Congress might
well have endeavored to approve a reduction in government expenditures
and pass along the savings to the American people in the form of tax
relief. In the present instance, however, there are some signs that
economic activity is picking up with the advent of better weather and the
start of seasonal activities in some forms of business. Nevertheless, many
business people and individuals believe that the stimulus to the economy,
engendered by a cut in taxes, would be the biggest single boost toward
economic recovery. It is logical, therefore, that Congress will have to
meet the tax-cutting issue squarely, examine its implications in light of all
existing factors, and then take a definite and positive stand. The present
uncertainty is not a healthy or desirable condition and is merely a
contributing factor to economic instability.

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 this same time, speaking from the Senate Office
Building in Washington.

[End 05:22]