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This Week In Congress Radio Address: S. 200 Frear Proposes Bill Before Senate, 1959 January 12
Speaker: Senator J. Allen Frear
Transcribed by: David Cardillo

[00:00]


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. With the completion of the President’s annual State of the Union message, the Senate and House of Representatives are settling down to a consideration of the many and varied legislative responsibilities before them. In this connection I am introducing in the Senate this week, an important bill, which I first offered last June. Thousands of Delawareans are intimately acquainted with this matter since it stems from a decision by the Supreme Court two years ago, which held that the DuPont company’s acquisitions of twenty-three percent of General Motors’ stock constitutes a reasonable probability that the DuPont company is likely to obtain a monopoly of General Motors’ purchases of fabrics and finishes. As is generally known, the DuPont Company more than forty years ago made a substantial investment in shares of the General Motors Corporation. At that time, there were about seventy-two stockholders in the company. Today, there are fifteen thousand common stockholders in Delaware alone. In all, DuPont Company stockholders total one hundred and ninety-four thousand. These stocks were purchased in good faith and with the knowledge that prices paid included a proportionate equity in DuPont’s General Motors’ holdings. Under the presently proposed remedy for carrying out the Supreme Court decision, the Justice Department would require the sale of one-third of this General Motors investment on behalf of certain DuPont common stockholders and distribution of the remainder to the other DuPont common shareholders on a pro-rata basis. This means that a DuPont stockholder would receive his pro-rata share of DuPont’s sixty-three million shares of General Motors stock. He would have two pieces of paper instead of one, and the value of his DuPont stock would be reduced proportionately to the value of the General Motors stock received. Instead of gaining by this transaction, a stockholder would suffer, for collectively, the stockholders would be subject to taxes estimated at about seven hundred million dollars. There are, in addition, other threatened economic consequences of a more disastrous nature. Competent financial analysts have estimated that forced sales would result in a five billion dollar drop in the market value of
DuPont and General Motors stock. These results are grossly unfair, not only to the fifteen thousand stockholders in Delaware, but to the thousands of other shareholders who are also innocent of any law violation or wrongdoing. It is likewise unfair to the more than seven hundred thousand shareholders of General Motors. As action on this legislation develops, I will endeavor to keep the interested people here in Delaware, and across the country, fully informed, and in the meantime, I shall certainly welcome the benefit of their advice and counsel to the end that success may attain our mutual efforts.

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.