

JOHN E. FOGARY (2nd E. I. District) on New England Radio Forum
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I don't believe it is just, or good business, to go along with the GOP suggestion that there should be a flat 20% reduction across the board in individual income tax rates.

For a long time, and particularly during the last election campaign the Republicans have decried what they termed confusion in Government. Their present course of conduct on tax matters is certainly far from clear and definite.

The original promise to allow the excise taxes which were imposed during war-time to expire naturally on July 1st has produced a great deal of confusion - dangerous confusion - on the various lines of business which are affected. Take the jewelry industry, as an example. In my state there is a considerable amount of manufacturing of jewelry of all kinds. This type of merchandise is usually manufactured well in advance of its expected retail sale. There is a considerable business in anticipation of seasonable demands such as Easter and Christmas time. With the expectation, or at least the hope, that excise taxes will go off these items at mid-summer, the great bulk of purchasers will refrain, and indications are that they are refraining from making normal purchases.

This leads to retrenchment by manufacturers and retail outlets, with a resulting loss of revenue from corporate taxes. It also may well produce unemployment, or at least curtailed hours of work, and a loss in individual income tax payments.

We have had some startling examples of these delays in production, one of the most notable being the meat shortage last fall. It is folly to indulge in any course of conduct that will produce another such stalemate.

The announcement earlier this week by the Chairman of the Ways and Means Committee does not clarify the situation at all - but adds to the confusion, if anything.

The threat now is to continue all the excise taxes in one blanket extension. The thought which apparently influences this decision is the Republican promise to reduce income taxes by 20% across the board.

It would be far better, in my opinion, to adopt a selective program on the

excise taxes - and abandon all attempts to effect a blanket reduction in income tax rates.

For the excise taxes I would like to see those only continued which can produce substantial revenues without any adverse effect on business generally. I know there is considerable sentiment in favor of continuing all, but I am opposed to their continuance if it is merely, as had been confessed, part of a plan to put over this flat 20% reduction in income taxes.

Representative Burton's proposal, if I read it correctly, is for a cut of 20% in income taxes across the board of everything under \$300,000. That, for all practical purpose, includes everybody in the country. This sounds like quite a lot, but to the ordinary small wage earner it means he will save less than a dollar a week. It does mean substantial savings to the man earning \$25,000 a year. He'll save seventeen hundred dollars a year.

In the past few years we've heard a great deal of moaning about the size of the National debt. It seems to me, now that we have the Republican Party in control of the Congress that steps should be taken first to pare the size of that debt. If tax reductions are then possible, the benefits of reduction should go to those who need it most, the small taxpayers.

I think the best course would be raising the exemptions on the family man with three or four children. He must spend just about all he can in order to maintain his family. Any saving given this type of taxpayer is merely making available more money with which to keep the wheels of industry turning.

Another thing - raising the exemptions for this class of taxpayer would result in bringing his income more nearly into line with current prices. It would help to eliminate one big sore spot in industrial relations. It would help to stimulate production through the increased purchasing power of one big group of consumers and thus it would also tend to lower prices. The big complaint wage earners have today is the fact that it is impossible to stretch their incomes sufficiently to cover the costs of maintaining their homes and families.

Here it seems to me is an ideal way to put into effect a concrete measure which will ease the demand for increased wages.