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## Income Tax Reduction Bill

Mike Mansfield 1903-2001

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April 2, 1948.

STATEMENT OF CONGRESSMAN MIKE MANSFIELD,

On April 2nd, 1948, I voted to uphold the President's veto of the income tax reduction bill. Twice before I voted against the reduction of income taxes as advocated by Mr. Knutsen because I felt that the time to apply any surplus, we might have to reduce our debt and to take care of our commitments both at home and at abroad, was during periods of high income.

In my opinion, the continuation of income tax payments should be based on the individual's ability to pay and the nation's need. I have watched with great concern the rising spiral of prices and since this Congress, in the special session, refused to do anything about inflation, I stated on the last day of that session that on the first day of the second session, I would introduce a tax bill to take care of the people, who needed help the most. On January 3, 1948, I introduced H.R. 4882, a bill which would raise the exemption to \$1000 for a single person; \$2500 for a married person and a \$500 exemption for each dependent. This measure, in my opinion, is the only kind of an equitable bill which should have been considered by this Congress because it gives relief to the low income groups which needed it the most. They are the ones who are being hit most severely by the present high cost of living.

I would have been glad to vote for a bill such as I have introduced plus an amendment bringing about community property tax equality in all states but I did not feel that, as a Representative of the people, I could go any further.

I realize that it is never popular to vote against a tax reduction bill but I also realize that I have a responsibility to the people whom I represent and that I have to do the best for them within the scope of my ability.

The tax bill, which just passed, is not an equitable tax bill because it gives too much in the way of relief to the people in the upper income brackets. At the present time the 39.7% billion dollars asked for by the President for 1949, has been reduced approximately 2% with the larger items of national defense, international commitments and the veterans program yet to be considered and where little, if any, in the way of cuts can be expected.

During the past few years, by sound fiscal management, the public debt has been reduced from \$279,000,000,000 to \$253,000,000,000 and at the present time requires an interest charge at the rate of \$5,300,000,000 a year.

As an illustration as to how vast our expenses will be -- on April 2nd -- the same day that the tax reduction went into effect -- the Senate voted a \$300,000,000 annual charge on the federal treasury for federal aid to education; the Senate Civil Service Committee voted for an increase in the pay of federal employees which will cost the treasury approximately \$1,000,000,000 annually; the Congress passed an European Recovery Program involving an expenditure of \$6,000,000,000 for the next fiscal year; and the President sent up a request for \$3,375,000,000 for

additional defense needs. These four items alone show a prospective increase of expenses for this year of approximately \$11,000,000,000. There is no way under the laws of common sense, arithmetic, or ordinary business enterprise whereby the government can increase its expenses by these huge amounts and at the same time reduce taxes without leaving the financial structure of the government in a very precarious position. It is quite likely that we will have to operate the coming year by means of deficit spending and it is quite possible that either this Congress, or the one elected next year, will have to consider very seriously the re-imposition of taxes to meet the government's need. This possible re-imposition of taxes was admitted to by both Speaker Martin and Congressman Knutsen the day the tax bill was passed.

There is no validity to the arguments that tax reduction is needed to increase industrial production because that is now at the highest level in our history and certainly there is no lack of risk capital to engage in new enterprises. Tax reduction under present conditions is, in my opinion, inflationary. It will increase the spending income of taxpayers with net incomes above \$5,000 by \$1,700,000,000 and it will decrease estate and gift taxes by 30%. 40% of the \$5,000,000,000 tax reduction will be a windfall for only 5% of the American taxpayers in the higher brackets. The tax bill just passed will be of little help to the people in the small income groups because it will mean that the inflationary spiral will be further strengthened and what they get back in tax refunds or what they will have saved in tax payments will be eaten up that much faster.

I do not feel that we can shirk our responsibility for trying to maintain peace in the world and for trying to maintain a sound economy at home. To me it is not a question of politics in election year; it is a question of doing the right thing in a time of great trouble. I still say that it is a rich man's tax bill.