7-14-1969

Proposed Extension of Surtax

Mike Mansfield 1903-2001

Let us know how access to this document benefits you.
Follow this and additional works at: https://scholarworks.umt.edu/mansfield_speeches

Recommended Citation
https://scholarworks.umt.edu/mansfield_speeches/793

This Speech is brought to you for free and open access by the Mike Mansfield Papers at ScholarWorks at University of Montana. It has been accepted for inclusion in Mike Mansfield Speeches by an authorized administrator of ScholarWorks at University of Montana. For more information, please contact scholarworks@mso.umt.edu.
SENATE

Mr. CURTIS. Mr. President, it is my firm belief that the tax bill which extends the surtax and repeals the investment credit should be passed and passed very quickly.

There is no reason why the taxpayers of the country should be misled. The bill is a necessity. The issue should be settled now so that our economy can make its appropriate adjustment. To delay this bill with weeks of speeches would produce nothing but an unsettling effect on our economy.

I do not like taxes. I do not like high taxes. I am supporting this bill because it is necessary. I firmly believe that the best political course is always that course which is honest and sound and improves the fiscal position of our Government. The American people are intelligent and it is a mistake to under-rate them.

There should be another bill dealing with tax reform. We need to direct our attention to tax reform constantly. The object of tax reform is to promote justice and fairness as between all individuals and all segments of our economy. Those provisions of our tax law needing reform have been in the tax program for one or two or three score of years. None of them are of recent making. They pose difficult problems. Some of them are controversial. Adequate hearings and a skillful approach will bring about needed reforms. Oratory that jeopardizes our fiscal position and fires the flames of inflation are not in the public interest.

A vote for the bill which was sent to us by the House of Representatives is a vote for a course of action that will make tax reform a reality. It is a vote for fiscal responsibility. To oppose or delay this bill will bring neither reform nor fiscal responsibility.

Mr. MANSFIELD. Mr. President, I have listened with interest to what the distinguished Senator from Nebraska has just said. I would point out to him that the course which he advocates could well bring about unconsidered, ill considered, and poorly considered tax reforms if we take up the surtax extension at this time.

The fact that we have agreed to an extension of the withholding levels in no way undermines the efficacy of the situation as it exists. If another extension is necessary it will be forthcoming. If we were to bring out the surtax measure at this time, however, without the assurance of a tax reform bill following some time in the immediate future, in my opinion it would mean that the surtax bill, as such, would itself be jeopardized. It would be amended by tax reforms on the floor of the Senate to such an extent, I think, that it would become what has been called, slightly, in previous times, a Christmas tree bill.

I am interested in the passage of a surtax bill somewhat on the order of the bill reported by the House committee and passed by the House of Representatives. But I would not agree for consideration by the Senate of the fact that the distinguished chairman of the Ways and Means Committee, Mr. Mills, did promise that there would be a tax reform bill reported by his committee about the first part of next month. During the debate on the surtax the President sent a letter to Chairman Mills advocating tax reform.

Furthermore, I would point out that the distinguished chairman of the Committee on Finance has indicated that beginning on a date certain he would be prepared to bring forward this body on various matters of tax reform.

It would be my hope that on the basis of these hearings there would be reported a surtax bill just about the same form as the bill passed by the House of Representatives, where the vote was 210 to 205, as I recall, and that the reforms in which all of us are interested to some degree if not all be considered on a tax reform bill which would be reported shortly after the surtax bill. In that way, I think a procedure would be provided that would assure the Senate, fairly and reasonably, that the surtax bill would be considered and passed, hopefully, without any added tax reforms. Those in this Chamber who, in my opinion, if the surtax bill came out by itself, would try to add tax reforms to it, could be told we have the bill on which hearings have not been held justifying it, and it is on the second bill that these major reforms could be attached.

In my opinion, this procedure which has been outlined is in the interest of the economy and in the interest of the administration because in this way hopefully we can keep major tax reforms beginning on the surtax bill and keep them for reforms in the later bill which will be reported.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that we may proceed for 2 additional minutes.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. CURTIS. Do I understand that the distinguished majority leader, then, favors a bill extending the surtax and deals separately with various provisions which will be considered separately when it is considered on the floor of the Senate?

Mr. MANSFIELD. Yes, indeed.

Mr. CURTIS. Does the distinguished majority leader have any reservations or feeling that the able chairman of the Committee on Ways and Means of the House of Representatives will be unable to reach his announced objective in sending us a tax reform bill?

Mr. MANSFIELD. I would hope not. I would hope that the Chairman of the Committee on Finance and the membership, both Republican and Democrat, would put their shoulders to the wheel to do what they can to bring out a major tax reform bill—the country is crying for one—and to begin the initiation of such a procedure next week or later this week when hearings on tax reform will start. It would then be my hope that when the tax reform bill from the House arrives in the Senate, tax reforms agreed to in the committee could be put on the bill. Mr. President, I would be prepared to begin consideration. A commitment has been made by the chairman of the Committee on Ways and Means that such a bill will be sent over some time around the first of August.

Mr. CURTIS. I commend the distinguished majority leader. I understand he believes that the surtax bill should be voted upon as a separate measure by the Senate and not merged with the tax reform bill.

Mr. MANSFIELD. Yes, indeed. I would hope that when the surtax bill is taken up and disposed of, the next order of business, or one shortly thereafter, would be the tax reform bill.

Mr. METCALF. Mr. President, I conclude completely with my colleague from Montana. Extension of the surtax and the bill that came from the House should be considered separately and apart from any consideration of the tax reform bill, but there should be some assurance in Congress this year, that there will be some tax reform before we pass a 10 percent, or a 5 percent surtax, which would magnify the inequities in our present tax system.
Mr. President, I served on the Ways and Means Committee of the House and I know of my own knowledge that the very distinguished chairman of that committee is dedicated to tax reform. However, I believe that we should follow the procedure outlined by the policy committee and go forward with extensions of the surtax, maybe from time to time, and then pass a tax reform bill and extensions of the surtax at the same time.

It was with a great deal of misgiving that I read in the newspaper yesterday that the distinguished Senator from Louisiana (Mr. Long), chairman of the Finance Committee, who is now in the Chamber, stated that no one had come forward with a tax proposal.

I introduced S. 500, and it was referred to the Finance Committee. I realize that such legislation must first clear the House, but I introduced it because I wanted it before the Finance Committee. I thought that, as the policy committee had made a statement that the bills would be considered together, I would not have to do anything further to get the Senator from Louisiana to give me a hearing and have consideration of this legislation.

After reading the statement yesterday in the newspaper, I find that in order not to default in this situation, I will have to introduce a bill to the surtax amendment. I regretfully do this because I feel that the bills should be brought up separately and apart, that my amendment for tax reform should be considered with other amendments for tax reform. But, nevertheless, in order to protect my interests, I have had to introduce this bill today.

Mr. President, S. 500 is cosponsored by 26 Senators. It is an important and vital part of tax reform. I testified before the Ways and Means Committee on it. The administration has sent down a similar proposal on this legislation. I do not intend to default. I do not intend, if this bill is going to be brought up as part of the surtax, to be considered together. I would not have to do anything further to get the Senator from Louisiana to give me a hearing and have consideration of this legislation.

After reading the statement yesterday in the newspaper, I find that in order not to default in this situation, I will have to introduce a bill to the surtax amendment. I regretfully do this because I feel that the bills should be brought up separately and apart, that my amendment for tax reform should be considered with other amendments for tax reform. But, nevertheless, in order to protect my interests, I have had to introduce this bill today.

Mr. President, S. 500 is cosponsored by 26 Senators. It is an important and vital part of tax reform. I testified before the Ways and Means Committee on it. The administration has sent down a similar proposal on this legislation. I do not intend to default. I do not intend, if this bill is going to be brought up as part of the surtax, to be considered together. I would not have to do anything further to get the Senator from Louisiana to give me a hearing and have consideration of this legislation.

The President pro tempore. The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, if the Senator from Montana would be so kind as to remain in the Chamber until such time as I have been able to gain recognition, I think I can satisfy him about this matter. If not, why I would be glad to discuss it with him now.

Mr. METCALF. Of course. I shall be delighted to remain here.
I then explained my position in a speech I made on the floor. If a Senator proposes an amendment concerning the Senate, he should have it printed so we could look at it. I suggested the Senate should have it printed by the committee, he should have it submitted to the Senate, and, by next Friday, so it could be part of the committee's consideration.

The PRESIDING OFFICER. The time of the question?

Mr. LONG. Mr. President, I ask unanimous consent that I be permitted to continue for such time as I may require.

The PRESIDING OFFICER. Is there objection?

Mr. MANSFIELD. I object. Could the Senate make it a definite time? Ten minutes.

Mr. LONG. Mr. President, I ask unanimous consent that I may proceed for 10 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. So, Mr. President, the Senator from Louisiana felt that if we were to bring this matter to some sort of a conclusion, we should not be commenting on the Senate hearings on loose concepts and ideas; we should be talking about concrete legislative proposals. The suggestion of the Senate comes from Montana. Mr. Metcalf is exactly the kind of thing I was talking about. We would urge the Senate to submit his amendment. Then we can turn this time to hear the Senator and we will be glad to hear him on his amendment.

Mr. METCALF. I have done that.

Mr. MANSFIELD. Yes. Please understand that the chairman of the committee cannot bind the committee, nor can he bind the Democratic Policy Committee, nor can he bind the Senate, with regard to the rights of Senators. If a Senator does not wish to submit his amendment, if he wants to just wait and offer it, as a complete surprise to us on the floor of the Senate, that is his privilege. No rule can bar him from doing that. He can offer it and insist that it be voted on. I am sure that the Senator from Montana, as one who was on both the House Committee on Ways and Means and the Senate Committee on Finance, knows that if he wants support for his amendment, he has a better chance to persuade the members of the committee if he gives them a chance to see what he proposes and question him about it.

Mr. METCALF. If the Senator will yield, that was my purpose in submitting the amendment. I have a bill, S. 500, before the committee today, but I have modified S. 500 so that it complies in all respects as an amendment to the surtax.

Mr. LONG. Yes. I thank the Senator. Mr. President, as far as I am concerned, the Senator need not have modified his amendment. If he had just come before us and said, "Here it is—S. 500." Whether it is offered as a Senate bill or as an amendment to the House bill, it is all right with me. But we would like to have a Senator testify for something. We have not had the House testimony, and I think we should have it. We would like to know whether he proposes to offer it, so we can incorporate it into our committee print, and also assure ourselves that it does what the Senator says it will do, and we can proceed accordingly.

Mr. President, we have been able to do some things that the House of Representatives was unable to do, because of the difference in our procedure. I see one thing the House was not able to offer to public witnesses the opportunity to testify on the investment tax credit. The House did study tax reform, and after a while they brought forward a bill, and it included the repeal of the investment tax credit. Our staff, and also witnesses before the committee, have uncovered a number of inequities that clearly exist in the House bill. Those should be corrected, and we want to do that. If we can, to the best of our ability. In an effort to get public witnesses testifying on the provisions of the House bill, tomorrow we will conclude that phase of the hearings. We turned it in and I shall submit for the Record a list of the witnesses, (See exhibit A.) I believe everyone will agree that each one of those witnesses was not heard and should have been heard. Fortunately, we did not have a great avalanche of witnesses, because most people are familiar with the facts. When the Committee on Finance is burdened with more testimony than it can hear, it asks witnesses to consolidate their testimony. We requested that the manufacturers, the people in the steel industry should consolidate behind a spokesman for their industry, or everyone in the steel industry should consolidate behind a spokesman, and that type of thing has been done. Witnesses are familiar with those procedures, and they do that even without our request, and identify themselves behind one spokesman, rather than insisting on our hearing a proliferation of witnesses to explain the same point.

As I have said, tomorrow we shall conclude the list of public witnesses on the House bill, and, starting on next Monday, we propose to hear Senators testify on the exhibits that we have been preparing to report to the Senate, to have heard them, to hold executive sessions and vote to report a bill with such amendments as the committee thinks appropriate.

I think, in fairness, that Senators will find that they are going to have more than one opportunity to vote on tax reform proposals. We will have many revenue bills, it is true that we have had very few up to now, but the Committee on Finance has found it desirable to respect the constitutional provision that revenue bills must originate in the House of Representatives. On many occasions, we have been requested by the House committee not to proceed to with hearings until they had reached decisions. On the theory that some of their people would think it presumptuous for us to assume that the House was going to pass a certain bill, and therefore might proceed to vote against it just because the Members of the House of Representatives felt their prerogatives were being ignored. As I said, I think that we have been proceeding to consider anyone's tax suggestions, and are now ready to hear whatever suggestions Senators want to make. After having done that, we will try to report a bill. After the Senate acts on that bill, we expect to have other tax reform proposals, whether the House sends them or does not send them, and whether they amount to something someone might call reform in one case, or a desirable tax reduction in another.

There being no objection, the items were ordered to be printed in the Record, as follows:

Exhibit A

Senate Committee on Finance
Public Hearings on S. 1290, Extension of the Surtax, Repeal of the Investment Credit, and Other Matters

Tuesday, July 8, 1969

The Honorable David M. Kennedy, Secretary of the Treasury, accompanied by The Honorable Robert P. Mayo, Director of the Bureau of the Budget.

Wednesday, July 9, 1969

Witness List

2. Paul D. Segers, President, Institute on U.S. Taxation of Foreign Income, Inc.
3. Thomas J. Ryan, Chairman of Tax Committee, National Association of Management, accompanied by Gerald S. Ostrowski.
6. Martin L. McLean, Legislative Director, American Farm Bureau Federation.
7. Angus McDonald, Director of Research, National Farmers Union.

Friday, July 11, 1969

Witness List

The Honorable Charles A. Vanik, Representative from Ohio.

The Honorable Bob Eckhardt, Representative from Texas.

Eugene A. Gulledge, President, National Association of Home Builders.

Thomas M. Goodfellow, President, Association of American Railroads, accompanied by AAR Tax Counsel Frank McDermott.

Frank Barnett, Chairman of the Board, Union Pacific Railroad.

Andrew J. Biemiller, Director, Department of Legislation, AFL-CIO.

Charles I. Dear, Senior Vice President, Machinery and Allied Products Institute.

Peter Nevitt, Senior Vice President of AT&T-Booth & Bothe Computer Corporation.

Roscio L. Egger, Jr., Member, Taxation Committee of the Chamber of Commerce of the United States, accompanied by Rother Statham, Taxation and Finance Manager, and Dr. Carl Madden, Chief Economist.

Monday, July 14, 1969

Witness List

The Honorable George McGovern, Senator from South Dakota.

The Honorable Henry S. Reuss, Representative from Wisconsin.

W. F. Gullander, President, National Association of Manufacturers.

Joseph V. Ferguson, Air Products and Chemicals, Inc., accompanied by Leon C.
In keeping with this practice of the Committee, I plan to announce to the Senate that our tax reform hearings are going to be just as broad and comprehensive as the reforms the Senators want them to be. As a fact is that the Senators draft and indicate to us all of the tax reform proposals they want us to work on, we will conduct hearings on them before we take the bill up in executive session.

"I know most Senators will agree with me that we should not take taxpayers by surprise and take up amendments which may affect them without giving them an opportunity to state their side of the question. That’s what the hearings process is all about.

"Similarly, I would be entitled to state to the Senate that his tax reform suggestions have been through the hearing process, and I thus prevent that procedural argument from being used as a device to build up opposition to his amendments. As I pointed out last Wednesday, the Senate continues for

"The Majority Leader elaborated on the Policy Committee’s resolution In a

"The announcement was required at that time simply because Senate action was mandated. The Senate had planned originally to consider the surcharge question on Wednesday. It was unable to do so, In fact the House had adjourned for an extension of the tax withholding rates last Wednesday. I publicly announced that the Senate’s consideration of the temporary extension of the tax withholding rates was necessary to permit House action; it was undertaken at the request of the House leadership. So it was because of this impending action that I felt it was imperative to publicize the Policy Committee’s position. In going on record at that time, I was hoping to assure against any misinterpretations of any subsequent extensions of the withholding tax rates to permit additional time for Senate action. The debate on the Floor prior to passage of the 31-day extension of withholding rates clearly specifies that additional time will be necessary to afford the orderly processing of intended tax reform through the Senate Finance Committee.

"I should mention that during its deliberations on this question, the Policy Committee was convinced of the need to reexamine the tax structure and the growing public awareness of this fact. To vote simply to extend the tax would only perpetuate these inequities. Coupling the reform of the tax structure with any extension of the surtax thus made the proposal fair, Indeed, for the taxpayer, it should come as a welcomed message.

"There was for these reasons that the Committee felt that no permanent extension of the surcharge should be voted, unless and
until tax reform is passed. And it should be added that Senator Russell Long, Chairman of the Finance Committee, participated fully in these deliberations and in the unanimous vote of the Policy Committee.

I hope you will be understanding of these events and delays not to misinterpret the import of this action. I hope also you will consider favorably the position adopted on the floor.

Sincerely,

"MIKE MANSFIELD"

Mr. Long. Mr. President, it is the intention of Senator Mansfield to place on the record the following statement.

Exhibit C

EXCERPT FROM THE HEARING ON H.R. 12290 BEFORE THE COMMITTEE ON FINANCE, U.S. SENATE, TUESDAY, JULY 8, 1969

Mr. DURENBERG. Mr. Chairman, I would like to have the record show that I would not agree to undertake that kind of responsibility if there is a way to somehow accelerate this matter and get it done.

Obviously, if possible, we could bring in a bill relating to low-income people, the so-called top credit, to the tax bill—those three items, them in a package and let the other reform items come in a later package. I know there is an inclination to go along with that idea. On the other hand, haste is essential, because it is vital that we find a cure and a solution.

Mr. Long. Mr. President, I think I should state that it was the view of the Democratic Finance Committee that tax reform be brought this tax bill. I certainly agreed with that procedure. I did not feel that I was in any way being asked to do anything by any law or any way, because we have no committee in the Senate. Any Senator can offer any amendment he wants to on a revenue bill. He can offer any amendment except a revenue bill, except a constitutional amendment, and remain entirely within the rules. Senators on this committee will offer amendments, and Senator Mansfield will offer them in any event. We cannot deny that right. That being the case, it seems to me that we might as well go ahead and agree that we would be willing to hold a hearing on amendments Senator Mansfield might offer.

Perhaps we can work out some way to expedite this matter. As far as I am concerned, I am willing to be here at the moment, I would like to continue doing what we are doing. But I must say the House somehow resents the Senate's undertaking to initiate big revenue measures.

Mr. Long. Mr. President, I ask unanimous consent that I may proceed for 1 minute.

The VICE PRESIDENT. Is there objection? Without objection?

Mr. Long. Mr. President, as I said, at the moment I am satisfied that we are doing what we should be doing as rapidly as we can. We have heard the Secretary of the Treasury. We hope to conclude his testimony soon. The President of the Senate will say tomorrow if it is necessary to hear public witnesses.

Mr. Chairm a n. I understand that Senator Mansfield is going to offer an extension of the withholding tax rate.

Mr. DURENBERG. Mr. President, I would like to have the record show that I was thinking of a possible extension of the withholding tax rate.

Mr. Chairm a n. Mr. Long, you have the floor.

Mr. Long. Mr. President, I have not made up my mind that I would like to ask for an extension of the withholding tax rate. It seems to me that it is quite possible that this will be a tax reform bill, as defined by the Senate rules. In other words, I would like to have my colleagues be considered of the House when they asked us for a 31-day extension. We hope we will not have to do it, but certainly we will have to consider the matter.

If the Senator from Illinois (Mr. Dirksen) wishes me to clarify the record further, I will be glad to try to do so.

Mr. DURENBERG. Mr. President, I explored this matter with the Secretary of the Treasury and the distinguished chairman of the Senate Finance Committee. In open committee session this morning, I tried to point out that if we walked until the 16th of July to try to complete the tax reform proposals, we would then have to set hearings, hear Senators first, and then Government witnesses, and then we would have to hold a bill conference. This side of a hearing, we get around to marking up the bill. After the markup the staff has to prepare the report. Then we have to go to the House and debate the bill. After debate, we have to pass it out of the Senate Calendar. Always, right ahead of us, is the 13th of August date, because that is when the tax bills must be sent back to the House. That is impossible and cannot be changed. So if no bill is passed, then nothing more can be done until after Labor Day. Meanwhile, we have to go to conference. We cannot go to conference unless a bill has been passed in some form or other. So it goes to the third house. The customs officers and the House and Senate would have to wrestle with it for a long, long time.

So one can well apprehend that, unless these delays are not going to get a tax bill until late in the year. Obviously, the inflationary fever is going to be eating away at what we would like to undertake that kind of responsibility if there is a way to somehow accelerate this matter and get it done.

Senator Mansfield. Of course it is difficult to say how many witnesses there will be and how long it will take, but when the witnesses have complete freedom to testify, it is difficult to say how many witnesses there will be and how long it will take, but when the witnesses have complete freedom to testify, it is difficult to say how many witnesses there will be and how long it will take, but there will be no Senate action of any kind until the day after Labor Day. That will be the third of September.

Mr. Chairman, that is taking us pretty deep into the year 1969, and I am thinking in terms of urgency here to identify the problem which confronts the chairman of the committee, and I know all that he has to do is to try properly responsible to the Senate and the desires of the Policy Committee on his side of the aisle, so I just wanted to get a reading here as to when he is likely to get a tax bill, and how deep this is going to go into this fiscal year. We are in a new fiscal year now.

The CHAIRMAN. I think the question was directed as much to the Chairman as it was to the witnesses.

Senator Dirksen. I think it was.

The CHAIRMAN. So I will try to answer it. It seems to me that we should keep in mind, and I personally favor it, that this is a reform bill as well as a revenue bill to begin with. There are two kinds of reform. One is giving some tax relief to whom we think is paying too many taxes. Now the Administration sent its own tax reform package in and the relief would be recommended for low-income taxpayers. It also had a form that would be given to us this afternoon in the current circumstances to repeal the investment tax credit. Now that is a reform in terms of reducing the amount that is going to be given to the low-income taxpayers. So those would be the two major two items. Whether we embitter them or modify them does not really have much to do with the two biggest items in the reform package anyway.

Now this committee and this Senate does not operate under a closed rule as does the House. Any Senator can offer his proposals. The Senator from Indiana, for example, has informed us that he is going to offer his version of what the Social Security laws ought to be as an amendment to the bill and we had better be ready to vote on it because he is going to insist on a vote on it, and we have no power to prevent a Senator from offering his amendments, so we agreed that we would vote on tax reform in connection with this bill and have no objection to the right that each Senator has to offer his proposal.

Senator Harris of Illinois has a proposal for a surtax on income tax on favored taxpayers. He thinks they ought to pay. Something has been drafted. He has a proposal that ought to be here. Officials are ready to arrange it around a bit between now and then but I suspect we will vote on it. Notwithstanding that, I would like to report this bill before the first of August from this committee. Maybe we cannot, and if we cannot, then we will just report it as soon as
CONGRESSIONAL RECORD—SENATE

SH798

we can, by the first week in October, and hope to get the week of debate, just to make sure.

If it is possible I would hope we can report this bill by the first of August or some time within that period.

Senator Dirksen. Mr. Chairman, I would utter the hope that it might be reported before the second week of August so that we can expedite and see what we can do.

Mr. Mansfield. I understand that the committee bill will be available before that time. But when you have a committee bill obviously the sky is the limit as to the amount of amendments and amendments that will be offered, and so we will be confronted with the old story that we are confronted with in this tree, all the good things are on it, and of course that is going to take time. You cannot dispose of those just overnight. It is a summary fashion either in the committee or on the Senate floor, but August 13 is our deadline that has been fixed, and it is rather immutable and we either get in under the wire or we go over until after the third of September.

Now we still have another problem.

There are not only two Houses here but there are three. The Conference Committee is the third that they just take and a few. Obviously there are differences, and then it must go to something and I know from past experience that it has required a lot of time to work a bill out of the Conference Committee. It gets it between the House and Senate floors for final approval.

So, Mr. Secretary, we will be later and later here. Meanwhile the infallibleflame continues to strike its fatal flames into the economy.

Secretary Kennedy. I think it is urgent, Senator, and we must move. As the Chairman indicated, he would move aggressively on this as we must move.

Senator Dirksen. I felt that the timetable ought to be explored a little, and if anybody else wants to put in this discussion, I may do so. But we owe it to the country, we owe it to business and industry and we owe it to the people. Therefore we should not at least charter our course a little and see what would happen.

Now as far as this Chairman is concerned, he will seek to cooperate in trying to move as quickly as possible.

Senator Dirksen. May I say the Chairman always cooperated.

The CHAIRMAN. I am satisfied that we are doing what we ought to be doing today, and maybe we might want to change our proposed schedule, and I will be glad to consider any suggestions that someone might offer.

It was my hope, however, in the statement that I made, that it would help us to expedite procedure because the country, I believe, is in need of having us look at the tax reform. To avoid coming and going on the surplus and constructive legislative procedure. This means that the bill should be passed before the end of July if possible and no later than the August recess in any event. The hearing schedule of the Committee has been set with this goal in mind.

Third, the efforts to achieve tax reform should not be so sweeping or comprehensive as to obscure the need to balance the budget and stabilize the economy. In other words, the bill should not be so mired down in endless controversy that it fails to pass before the August recess. And of course I can report that no Senator has come forward with any tax reform proposal which he insists be considered as part of the bill.

This is not to say that the bill should not have a considerable amount of form in it. The bill already contains several meaningful tax reforms. This does suggest that the idea of a full and comprehensive overhaul of the Internal Revenue Code should await the many months of study of that task requires if it is to be done in a thorough and thoughtful fashion.

In years when the Executive Branch is controlled by one party and the Legislative Branch by another, it is more important than ever that members on both sides of the aisle should be responsible in providing the President with the revenue he needs to sustain the government and the support he needs to defend the nation.

The situation of inflation and rising interest costs is not something that the President can do by himself.

Several Senators addressed the Chair. Mr. LONG. I yield to the Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, I thank the Senator from Louisiana for this very helpful explanation of what, to me, was a very confusing situation. He suggested that we pick up this bill on the floor of the Senate, I informed the distinguished chairman of the Committee on Finance that I would offer an amendment deleting him and his other, to repeal the oil depletion allowance.

In the meantime, my staff and I have been in touch with the staff of the Committee on Finance, and I have been advised that they favored any specific amendment to the surtax bill along the lines of tax reform, because I thought I had made my position sufficiently clear.

I have offered my amendment today on the floor, and it will be printed, and therefore I hope it will be considered by the committee in due course.

Mr. LONG. The Senator will be heard. If the Senator will read the two statements which I hand him together, he will see what the proposed procedure was.

I was well aware of the fact that Senators were going to offer these amendments, but I was hoping to restrict the debate in order to get all the people to come before the committee and testify merely on their general views on taxation. That could go on forever. It would be nice to have their amendments drafted and offered.

The deletion amendment the Senator proposes could be drafted very simply. He would propose to strike out where it says "27½ percent" in the Internal Revenue Code and insert "0" or "15 percent" or "8 percent"—anything that appealed to him. But we would like to have a specific legislative proposal, as the Senator would do if he were calling the amendment up on the Senate floor.

If we all knew what Senators want to offer, it occurs to me would be able to move expeditiously and efficiently than if we simply invited everyone to express his general views on taxation.

Last year, I went before the platform committee at the Democratic National Convention, and said, "Some people pay too much and some too little; we ought to have a minimum tax on the fellow who makes a lot of money, but pays virtually no tax. In such cases, we ought to tax on a different basis."

My proposal has not been drafted, but it is being worked on, and in due course it will be drafted. Senator Harris read that proposal in the Democratic platform, and he said, "Something ought to be done about this; here is a platform commitment. We ought to do something about it."

He is working on a draft also, but neither of us can yet qualify as a Senator who has put his amendment in as a proposed amendment to the surtax extension bill. We have not done it.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, I thank the Senator from Louisiana for this very helpful explanation of what, to me, was a very confusing situation. He suggested that we pick up this bill on the floor of the Senate, I informed the distinguished chairman of the Committee on Finance that I would offer an amendment deleting him and his other, to repeal the oil depletion allowance.

In the meantime, my staff and I have been in touch with the staff of the Committee on Finance, and I have been advised that they favored any specific amendment to the surtax bill along the lines of tax reform, because I thought I had made my position sufficiently clear.

I have offered my amendment today on the floor, and it will be printed, and therefore I hope it will be considered by the committee in due course.

Mr. LONG. The Senator will be heard. If the Senator will read the two statements which I hand him together, he will see what the proposed procedure was.

I was well aware of the fact that Senators were going to offer these amendments, but I was hoping to restrict the debate in order to get all the people to come before the committee and testify merely on their general views on taxation. That could go on forever. It would be nice to have their amendments drafted and offered.

The deletion amendment the Senator proposes could be drafted very simply. He would propose to strike out where it says "27½ percent" in the Internal Revenue Code and insert "0" or "15 percent" or "8 percent"—anything that appealed to him. But we would like to have a specific legislative proposal, as the Senator would do if he were calling the amendment up on the Senate floor.

If we all knew what Senators want to offer, it occurs to me would be able to move expeditiously and efficiently than if we simply invited everyone to express his general views on taxation.

Last year, I went before the platform committee at the Democratic National Convention, and said, "Some people pay too much and some too little; we ought to have a minimum tax on the fellow who makes a lot of money, but pays virtually no tax. In such cases, we ought to tax on a different basis."

My proposal has not been drafted, but it is being worked on, and in due course it will be drafted. Senator Harris read that proposal in the Democratic platform, and he said, "Something ought to be done about this; here is a platform commitment. We ought to do something about it."

He is working on a draft also, but neither of us can yet qualify as a Senator who has put his amendment in as a proposed amendment to the surtax extension bill. We have not done it.

Mr. MILLER. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from Wisconsin.

Mr. PROXMIRE. Mr. President, I thank the Senator from Louisiana for this very helpful explanation of what, to me, was a very confusing situation. He suggested that we pick up this bill on the floor of the Senate, I informed the distinguished chairman of the Committee on Finance that I would offer an amendment deleting him and his other, to repeal the oil depletion allowance.

In the meantime, my staff and I have been in touch with the staff of the Committee on Finance, and I have been advised that they favored any specific amendment to the surtax bill along the lines of tax reform, because I thought I had made my position sufficiently clear.

I have offered my amendment today on the floor, and it will be printed, and therefore I hope it will be considered by the committee in due course.

Mr. LONG. The Senator will be heard. If the Senator will read the two statements which I hand him together, he will see what the proposed procedure was.
Mr. MILLER. Well, separately. Although I am not sure now what the word "separately" means, it could be that there will be amendments tacked onto it in the Senate Committee. In any event, if it is brought out separately, that should be in a relatively short period of time.

I do not subscribe to the thought expressed by some Senators that all we need to do is continue the withholding, and that will tone down inflation even if there is delay in it. Because, in addition to the need to keep money out of the economy through the withholding, we have inflation psychology, and there are some people in this country who are betting that the surcharge will not be continued.

The only way to lay that speculation to rest is to take action on it.

I must say to the Senator from Louisiana that I am a little bit concerned about the extent to which amendments are going to be considered in connection with those proposals. The Junior Senator from Montana has now filed an amendment relating to tax loss write-offs from farming operations. In the bill which I have introduced. That bill is in the same general area as the one of the Senator from Montana (Mr. METCALF). However, I am not so sure that either one of these will be the approach. There is another approach presented, and that is the limited tax preference approach which some think to be the best one. However, it is not even before our committee. That measure is before the Ways and Means Committee.

I am not sure that the Finance Committee, much less the Senate, could reach a sound conclusion about either the Metcalf bill or the Miller bill until we had the limited tax preference proposal before us so that we could study all three and determine which is the way to go.

Similarly, with respect to the amendment the Senate from Wisconsin indicates he will submit, I can understand the feeling which I would like to have considered in the general area of oil and gas. However, here again we are running into the limited tax preference approach, which is not before the committee. I can understand that it will be before the committee when we have a major tax reform package come from the Committee on Ways and Means. However, as of now we do not have it.

I am concerned about how far we can go in really intelligently pursuing each of the amendments, important as they may be in connection with the surtax measure. If we are going to act appropriately, since the Senator from Louisiana properly says we should have a complete picture on anything we will operate on in the Finance Committee.

It appears to me that unless we wait for the amendments of the Senator from Montana (Mr. METCALF), the Senator from Wisconsin (Mr. PROXIME) and my own, to be received so that we can consider them in connection with a House-passed tax reform package, I do not think we can give the consideration to these that is due them.

Finally, a lot of concern is expressed on that side of the aisle about the need for tax reform and the need for assurances that there will be a tax reform package in addition to the surcharge measure.

I suggest that the policy committee on that side of the aisle is in control of the situation and will join with me in action on the other side of the aisle on much of this, but we do not have control of the Senate. The other side has control of the Senate.

If the other side wants to pull the wool over our eyes, they can give that assurance. I think most of them have already done that.

I cannot understand the fuss over whether we will have a tax reform package. That has been eminently clear. It has been made clear on the Democratic side of the House too, and by the administration too.

I know the chairman of the committee, the Senator from Louisiana, has given that assurance. I think we are beating a dead horse when we talk about tax reform in addition to the surtax measure.

Mr. LONG. Mr. President, the Senator has testified himself. Any other Senator may do so. I have announced how I expect the group of those who want to join the committee. That is what I have done. If someone wants to vote for an amendment, he will not be able to vote for it if we do not get a bill before the Senate. And if one wants to vote for a measure, we should first set some ground rules by which we will conduct the hearings. If we do not conclude the hearings, we will not have a bill.

Mr. MUSKIE. Mr. President, partially in response to the observation of the Senator and partially for my information, I want to say that a proposal in pursuance of the responsibility which the Senator is cognizant and ask the Senator from Louisiana for his comment.

The language reads:

"Whereas, the Senate Majority Policy Committee, having met and considered the matter of the extension of the income tax surcharge, hereby resolves:

That meaningful tax reforms should be adopted as a means of achieving an equitable national income tax policy, and further resolves,

That any proposal to extend the income tax surcharge be considered simultaneously with recommendations on meaningful tax reform and further resolves.

That the present income tax withholding rates be continued after June 30, 1969 for a period of one quarter to permit full consideration and disposition of the reform and extension of the surtax."

I ask the Senator from Louisiana whether the plans he has presented to the Senate are consistent with the program in the resolution, "That any proposal to extend the income tax surcharge be considered simultaneously with recommendations on meaningful tax reform and further resolves."

The Senator from Montana, the distinguished member, has indicated this morning that in his judgment that language would be implemented if we took into consideration the tax surcharge extension and the reform as separate pieces of legislation, provided they are on the calendar at the same time, subject to action by the Senate within a reasonably close time.

I ask the Senator from Louisiana whether his objective, as he has described it, is consistent with that language and the resolution passed by the Democratic policy committee.

Mr. LONG. Mr. President, does the Senator mean am I being consistent or is the majority leader being inconsistent? I am trying to get this thing straight in my mind.

Mr. MUSKIE. As I understand it, the majority leader this morning stated the objective in different terms than I had previously understood. However, as I reviewed the language of the policy committee resolution, it did not eliminate the possibility of separate pieces of legislation to deal with the two objectives.

So, I assume that the majority leader in mind pursuing the objectives, other than the resolution, is doing it through the medium of two pieces of legislation simultaneously before the Senate. That is, as I understand it, the minority leader's package.

I ask the Senator from Louisiana whether what he intends to do in both of those fields could be considered the Senate's consideration of meaningful tax reform and the surcharge.

Mr. LONG. Mr. President, as the chairman of the committee, I have been proceeding on the assumption that we were going to bring a bill to the Senate and that the committee was going to make its suggestions as to the amendments it felt should be added to the bill. Therefore, any Senator who is satisfied with the committee bill could proceed to offer any amendment he wanted to offer to the bill.

The PRESIDING OFFICER. The time of the Senator has expired.

Mr. LONG. Mr. President, I ask unanimous consent that I may be permitted to continue for an additional 3 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. Mr. President, I was aware of the fact that the House was going to subsequently send us some recommendations which would not have been suggested by anyone in the Senate.

That is why I do not want to agree to a suggestion that we have a complete overhaul of the Internal Revenue Code as a so-called reform amendment. I thought that the Senator should vote on suggestions that Senators might want to make, and then vote on any other suggestions that might be made thereafter.

It has been my feeling that tax reform is a continuing process. Most people think they pay too much in taxes while somebody else is getting away with something or is paying too little.

Generally speaking, the average person thinks that tax reform means that he is going to get a tax cut and that somebody else, who he thinks is not paying enough, will pay a great deal more. Americans today think that they ought to have a tax reduction.
Mr. MUSKIE. I understand that Senators individually can initiate amendments to the tax law. I understand that the committee on Ways and Means is considering tax reform and presumably will report a bill dealing with that subject. In the accepted meaning of the term, that report this session is over.

Mr. LONG. Yes. Mr. MUSKIE. I understand also that the tax committees of Congress can really address the fact that anyone looking at the agenda would describe as meaningful tax reform.

What is troubling people in this country is that our tax policy is no longer an equitable national income tax policy. If it is not, then the correction of that policy ought to involve something more than the consideration of hit-or-miss amendments offered by individual Senators or individual Members of the House. The consideration of the equity of our national income tax policy ought to originate in the committees, and out of that consideration ought to come, not necessarily every reform bill that could be conceived of by the mind of man, but a substantial modification of our national income tax policy, which will move it from what it now is to something that is more equitable in the minds of the income tax payers.

Now this, I am sure, is the concept that the policy committee had in mind when it adopted this resolution. So I think, as a member of the policy committee, that I had in mind that, at the right time, at some point within the first quarter of this fiscal year, we would have before the committee a meaningful tax reform bill which will achieve a more equitable national income tax policy. Yes, I have ideas in mind. I will submit them. The Senator is in a position to disagree with the policy committee. I am not challenging his right to do so. I am simply trying to understand, out of the confusion generated by this week's news stories and out of the colloquies on the Senate floor this morning, whether or not the Senator considers it essential for the policy committee with respect to presenting to the Senate simultaneously proposals for meaningful tax reform as well as extension of the surcharge. I simply want to know what the Senator wants.

Mr. LONG. I think I supported that resolution when I tried to schedule these hearings and to get Senators to bring in witnesses and invite the Treasury to come and conduct hearings on what the Senator has in mind putting before the Senate.

Mr. MUSKIE. I do not have within my staff resources, my office resources, or my personal resources what it takes to write a meaningful tax reform bill which will achieve a more equitable national income tax policy. I suspect that one statement I made in the opening the hearings could be misconstrued. The Senator has had only one hearing. I understand also that the minority leader on the same side. It is not my amendment, but I was asked to testify for their amendment. I understand that the committee has no right and has no authority to fix the bill.

Mr. LONG. I say to the Senator that his resolution when I tried to schedule these hearings and to get Senators to bring in witnesses and invite the Treasury to come and conduct hearings on what the Senator has in mind putting before the Senate.

Mr. MUSKIE. I do not have within my staff resources, my office resources, or my personal resources what it takes to write a meaningful tax reform bill which will achieve a more equitable national income tax policy. Yes, I have ideas in mind. I will submit them. The Senator is in a position to disagree with the policy committee. I am not challenging his right to do so. I am simply trying to understand, out of the confusion generated by this week's news stories and out of the colloquies on the Senate floor this morning, whether or not the Senator considers it essential for the policy committee with respect to presenting to the Senate simultaneously proposals for meaningful tax reform as well as extension of the surcharge. I simply want to know what the Senator wants.

Mr. LONG. I think I supported that resolution when I tried to schedule these hearings and to get Senators to bring in witnesses and invite the Treasury to come and conduct hearings on what the Senator has in mind putting before the Senate.

Mr. MUSKIE. I do not have within my staff resources, my office resources, or my personal resources what it takes to write a meaningful tax reform bill which will achieve a more equitable national income tax policy. Yes, I have ideas in mind. I will submit them. The Senator is in a position to disagree with the policy committee. I am not challenging his right to do so. I am simply trying to understand, out of the confusion generated by this week's news stories and out of the colloquies on the Senate floor this morning, whether or not the Senator considers it essential for the policy committee with respect to presenting to the Senate simultaneously proposals for meaningful tax reform as well as extension of the surcharge. I simply want to know what the Senator wants.

Mr. LONG. I think I supported that resolution when I tried to schedule these hearings and to get Senators to bring in witnesses and invite the Treasury to come and conduct hearings on what the Senator has in mind putting before the Senate.

Mr. MUSKIE. I do not have within my staff resources, my office resources, or my personal resources what it takes to write a meaningful tax reform bill which will achieve a more equitable national income tax policy. Yes, I have ideas in mind. I will submit them. The Senator is in a position to disagree with the policy committee. I am not challenging his right to do so. I am simply trying to understand, out of the confusion generated by this week's news stories and out of the colloquies on the Senate floor this morning, whether or not the Senator considers it essential for the policy committee with respect to presenting to the Senate simultaneously proposals for meaningful tax reform as well as extension of the surcharge. I simply want to know what the Senator wants.
June 14, 1967

Mr. LONG. Mr. President, I ask unanimous consent that we may proceed for 2 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. LONG. I yield to my senior colleague from Louisiana.

Mr. ELLENBERGER. Did I understand my colleague from Delaware to mean that aside from the public witnesses, the only other witnesses to be heard would be Senators?

Mr. LONG. That is how I would hope to frame the matter. If that is what we can bring the hearings to a conclusion.

Mr. ELLENBERGER. I hope so, because if every Senator introduced one of these meaningless tax reforms which we would have to hear until Christmas. I hope the Senator takes up the bill before him. Let us get rid of it and later on take time to look at the matter thoroughly. Then there could be outside witnesses to help accomplish that.

Mr. LONG. That is what I had in mind. We have had public witnesses before, and we would do the same in the Senate.

The PRESIDING OFFICER. Mr. Williams of Delaware, Mr. President, I wish to join the chairman of the committee in expressing the hope that we can expedite consideration of the tax bill. I can state, and the record will show, we would not get the bill to the floor of the Senate. We would prefer to have amendments submitted in writing. Therefore, that we limit ourselves to hearing Senators testify in favor of their own amendments. That way we can finish the hearings before August. I think we are on sound ground in asking Senators to submit amendments printed before they come in to testify.

It may mean that somebody does not get a chance to testify against a particular amendment, but it is possible our committee will be here until Christmas. I hope the Senator takes up the bill before him. Let us get rid of it and later on take time to look at the matter thoroughly. Then there could be outside witnesses to help accomplish that.

Mr. MANSFIELD. Mr. President, I yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. Mr. President, I wish to join the chairman of the committee in expressing the hope that we can expedite consideration of the tax bill. I can state, and the record will show, that I have been just as determined as any other Senator to have consideration of the tax bill. The Senate will not get the bill to the floor of the Senate. We would prefer to have amendments submitted in writing. Therefore, that we limit ourselves to hearing Senators testify in favor of their own amendments. That way we can finish the hearings before August. I think we are on sound ground in asking Senators to submit amendments printed before they come in to testify.

It may mean that somebody does not get a chance to testify against a particular amendment, but it is possible our committee will be here until Christmas. I hope the Senator takes up the bill before him. Let us get rid of it and later on take time to look at the matter thoroughly. Then there could be outside witnesses to help accomplish that.

Mr. PERCY. Mr. President, I would like to say at this time that the distinguished Senator who is the chairman of the Committee on Finance, Senator Long of Louisiana, acted in what I consider to be the finest tradition of the Senate. He worked very hard to reduce expenses last year, and we are aware of but a threat which every American family is aware of. It is the threat that inflation will grow worse in the months ahead if the surtax is not extended. I do not know of any better way to protect American families from inflation and to preserve the integrity of our whole fiscal policy, than for us to diminish our revenue with our expenses and continue and extend by law—now. I would like to commend the distinguished Senator from Louisiana and the other members of the Finance Committee, for his statesmanlike attitude on this question. Those of us who worked hard to carry out a responsible fiscal policy under a Democratic administration, deeply appreciate those Senators on the other side of the aisle who now share this same attitude under a Republican administration.

We all want tax reform. We all want a more equitable tax system. However, it cannot be done overnight. I think that if we could now, on the extension of this necessary tax, we would lose the momentum we are beginning to gain to hold down inflation. It could be that we will set ourselves on one course, and set us off once again into an inflationary spiral. Once we start the momentum spiraling downward on other costs, we may keep the pressure on, to fight the worst enemy we have in America today—inequality.

We must do first things first. Work on tax reform, which certainly the Senator from Delaware, Mr. Williams, knows better than I, must go forward. The administration is dedicated to finding a way to make a more equitable tax system for this country. I am a Democrat, and I will have the opportunity to vote on a reform tax bill in the very near future.

Knowing the majority leader as I do, I am confident that Senator Long within his power to help the administration develop a fiscally sound economic policy.

I thank the distinguished majority leader for yielding.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that I may be allowed to proceed for 15 minutes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana?

Mr. HART. Mr. President, will the Senator from Montana yield to me briefly?

Mr. MANSFIELD. I yield.

Mr. HART. To use the phrase the Senator from Illinois just used, it has been "minds ridge line.

It has been a very long night. Some of us have been here for many years, anticipating the delivery of a basic tax reform bill out of the appropriate committee from the day we arrived.

I am sure what the majority leader, the Senator from Louisiana and the Senator from Maine resolved. I got in late, and it was not clarified in my own mind.

Mike Mansfield Papers, Series 21, Box 45, Folder 3, Mansfield Library, University of Montana
Perhaps that would not be true if I had been here throughout the discussion. But one point must be made which may not have been made, namely, that those who feel the importance of the extension of the surtax at this time because of the economics involved, must understand that there are others who will be persuaded there are principles involved which are noneconomic but equally critical, and they are labeled "fairness." If there is not a clear signal to extend the surtax on a fair tax base, then many of us will not be with you.

I am not sure that if we omit this opportunity to attach real tax reform to the extension of the surtax, we may be another 11 years listening to explanations that it is "complicated," and, "be patient," and, "it will be along some day."

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana that he be allowed to proceed for 15 minutes? The Chair hears none.

Mr. MANSFIELD. Mr. President, first, let me say to my good friend, the distinguished Senator from Illinois, that I am not at all certain he was commending the right Senator when he referred to me.

Second, I invite the attention of the distinguished chairman of the Committee on Finance to what I said earlier in the debate. I wrote the statement in which it is incorrectly referring to the fact that the policy committee was "telling the Finance Committee" what to do in recommendations to the Senate tax reform legislation.

The policy committee had no intention whatsoever of so doing. The policy committee did not do that. As a matter of fact, it is the distinguished Senator to the policy meeting, not once but twice, so that the members could have the benefit of his advice. I believe that is good policy in the future. Nothing will be done under the table. No committee chairman—and, for that matter, no Senator—will be told what to do by the policy committee. The policy committee is advisory to the Senate. However, I do maintain its prerogatives, as the leadership's advisory group on the timing and scheduling of legislation reported to the Senate Calendar. That is its responsibility. So far as other committees are concerned, it is subordinate to them in making initial recommendations on the merits of legislation assigned to the standing committees under the rules of the Senate.

When the policy committee invites the chairman, or requests the chairman, to attend, it does so not only as a courtesy but also to seek the advice of those who have a greater experience about a particular subject under discussion.

Now, Mr. President, the distinguished Senator read the resolution unanimously adopted by the Democratic policy committee on Tuesday, June 24, 1969.

For the purpose of keeping my remarks in sequence, I should like to repeat that at this time, so that its intention will be made clear, and its meaning will be understood without doubt.

I sent a copy of a letter which went to every Democratic Senator, and which it is my intention to read in full at this time:

Whereas, the Senate Majority Policy Committee, having met and considered the matter of the extension of the surtax, hereby resolves:

That meaningful tax reforms should be adopted as a matter of achieving an equitable national income tax policy, and further resolves:

That any proposal to extend the income tax surcharge be considered simultaneously—

I repeat that word "simultaneously"—with recommendations on meaningful tax reform and further resolves:

That the present withholding rates be continued after June 30, 1969 for a period of one quarter to permit full consideration and disposition of the reform and extension of the surtax.

Over the weekend, I was called by the press to give my reaction to the statement issued by the distinguished Senator from Louisiana (Mr. Long), chairman of the Committee on Finance. In general, I approved of what he had said, but I did indicate that it would be no more than a hope that the measure would be reported by the beginning of the recess and that the Senate would act on it by that time.

I also declined to support the statement of the Senator from Louisiana that a comprehensive tax reform would require "many months of study," because I had in mind the dictum laid down unanimously by the policy committee and the agreement, that we would consider first, a surtax extension bill, and, second, a tax reform bill. In other words, they would both be on the calendar at the same time.

In response to further questions by the reporter, I made the following statement:

First, that Senate hearings on the surtax itself, which includes repeal of the 7-percent investment credit and a few other reforms, would continue during the coming week.

Second, on the evening of July 21, using the surtax bill as a vehicle so as not to challenge the House's authority to initiate tax legislation, the Senate committee would begin its deliberations and joined in the unanimous vote.

The policy committee also resolved unanimously that the 1968-69 withholding tax rates should be continued at least until September 30, 1969, to permit the consideration of the surtax extension and tax reform at the same time and continue the economic slowdown. The surtax is designed to effect.

This determination was based on the following considerations:

First, a deep awareness that the present tax structure is inequitable—the very rich pay relatively little—the middle and lower income groups pay disproportionately high taxes. Tax reform is overdue for the economy is considered of the utmost urgency. Extending the surtax without removing the inequities would in effect compound these inequities.

Second, the only impact the extension of the surtax has on spiraling inflation is the slowdown effected by removing an added 10 percent of revenue from the private sector. In this regard it was felt that an extension of the 1968-69 withholding rates with the proviso that the surtax extension would be retroactive to July 1, 1969, has the same effect on the economy as immediate passage. Continuation of the withholding rates until ultimate passage is fully intended by the leadership also that I had good reasons—at least, I thought I had good reasons—for insisting that both a surtax extension and a tax reform bill be placed on the Senate Calendar. In prospect of early action on a reform measure, I explained that there would be intense pressure to turn the relatively simple surtax bill into a Christmas tree bill, and it was my hope that both of these measures be considered in sequence, but separately.

Mr. President, if I am running out of time, I ask unanimous consent to have 5 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, on June 24, 1969, the majority policy committee unanimously adopted a resolution calling for the simultaneous consideration of an extension of the surtax and meaningful tax reform. Senator RUSSELL long anticipated the policy committee deliberations and joined in the unanimous vote.

The policy committee also resolved unanimously that the 1968-69 withholding tax rates should be continued at least until September 30, 1969, to permit the consideration of the surtax extension and tax reform at the same time and continue the economic slowdown. The surtax is designed to effect.

This determination was based on the following considerations:

First, a deep awareness that the present tax structure is inequitable—the very rich pay relatively little—the middle and lower income groups pay disproportionately high taxes. Tax reform is overdue for the economy is considered of the utmost urgency. Extending the surtax without removing the inequities would in effect compound these inequities.

Second, the only impact the extension of the surtax has on spiraling inflation is the slowdown effected by removing an added 10 percent of revenue from the private sector. In this regard it was felt that an extension of the 1968-69 withholding rates with the proviso that the surtax extension would be retroactive to July 1, 1969, has the same effect on the economy as immediate passage. Continuation of the withholding rates until ultimate passage is fully intended by the leadership also that I had good reasons—at least, I thought I had good reasons—for insisting that both a surtax extension and a tax reform bill be placed on the Senate Calendar. In prospect of early action on a reform measure, I explained that there would be intense pressure to turn the relatively simple surtax bill into a Christmas tree bill, and it was my hope that both of these measures be considered in sequence, but separately.

Mr. President, if I am running out of time, I ask unanimous consent to have 5 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, on June 24, 1969, the majority policy committee unanimously adopted a resolution calling for the simultaneous consideration of an extension of the surtax and meaningful tax reform. Senator RUSSELL long anticipated the policy committee deliberations and joined in the unanimous vote.

The policy committee also resolved unanimously that the 1968-69 withholding tax rates should be continued at least until September 30, 1969, to permit the consideration of the surtax extension and tax reform at the same time and continue the economic slowdown. The surtax is designed to effect.

This determination was based on the following considerations:

First, a deep awareness that the present tax structure is inequitable—the very rich pay relatively little—the middle and lower income groups pay disproportionately high taxes. Tax reform is overdue for the economy is considered of the utmost urgency. Extending the surtax without removing the inequities would in effect compound these inequities.

Second, the only impact the extension of the surtax has on spiraling inflation is the slowdown effected by removing an added 10 percent of revenue from the private sector. In this regard it was felt that an extension of the 1968-69 withholding rates with the proviso that the surtax extension would be retroactive to July 1, 1969, has the same effect on the economy as immediate passage. Continuation of the withholding rates until ultimate passage is fully intended by the leadership also that I had good reasons—at least, I thought I had good reasons—for insisting that both a surtax extension and a tax reform bill be placed on the Senate Calendar. In prospect of early action on a reform measure, I explained that there would be intense pressure to turn the relatively simple surtax bill into a Christmas tree bill, and it was my hope that both of these measures be considered in sequence, but separately.

Mr. President, if I am running out of time, I ask unanimous consent to have 5 additional minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, on June 24, 1969, the majority policy committee unanimously adopted a resolution calling for the simultaneous consideration of an extension of the surtax and meaningful tax reform. Senator RUSSELL long anticipated the policy committee deliberations and joined in the unanimous vote.

The policy committee also resolved unanimously that the 1968-69 withholding tax rates should be continued at least until September 30, 1969, to permit the consideration of the surtax extension and tax reform at the same time and continue the economic slowdown. The surtax is designed to effect.

This determination was based on the following considerations:

First, a deep awareness that the present tax structure is inequitable—the very rich pay relatively little—the middle and lower income groups pay disproportionately high taxes. Tax reform is overdue for the economy is considered of the utmost urgency. Extending the surtax without removing the inequities would in effect compound these inequities.

Second, the only impact the extension of the surtax has on spiraling inflation is the slowdown effected by removing an added 10 percent of revenue from the private sector. In this regard it was felt that an extension of the 1968-69 withholding rates with the proviso that the surtax extension would be retroactive to July 1, 1969, has the same effect on the economy as immediate passage. Continuation of the withholding rates until ultimate passage is fully intended by the leadership also that I had good reasons—at least, I thought I had good reasons—for insisting that both a surtax extension and a tax reform bill be placed on the Senate Calendar. In prospect of early action on a reform measure, I explained that there would be intense pressure to turn the relatively simple surtax bill into a Christmas tree bill, and it was my hope that both of these measures be considered in sequence, but separately.
July 14, 1969

CONGRESSIONAL RECORD - SENATE

S 7983

the wisdom of the recommendations of the Senate Finance Committee.

Fifth, the House Ways and Means Committee is presently considering a tax reform package. It has been promised for House action prior to August 13.

Sixth, having both the 10-percent surtax extension and tax reform on the Senate Calendar when the surtax is called up, will provide for a more orderly debate on the bill. Waiting for the House reform bill to reach the Senate Calendar prior to calling up the surtax merely gives the Senate an opportunity to chance the consideration of the reform bill prior to its being offered on the Senate floor as an amendment to the surtax.

Well, I would like to have a recommendation of its Finance Committee on Senate reforms prior to voting on them on the Senate floor. Thus, in view of previous scheduling commitments, it will take the rest of this month at least, it will not be possible to bring the surtax extension up prior to July 31.

In the interim, if that act continues, which of the surtax withholding rates will provide every anti-inflationary economic effect intended. Importantly, the Senate will be able to proceed on both tax measures in an orderly and efficient legislative fashion.

Mr. President, the text of the letter amending the resolution was modified, and the corrected text is as follows:

U. S. SENATE,

DEMCOCRATIC POLICY COMMITTEE.

June 30, 1969

At the meeting of the Democratic Policy Committee on Tuesday, June 24, 1969, the following resolution was unanimously adopted:

Whereas, the Senate Majority Policy Committee has recommended and considered the matter of the extension of the income tax surcharge, hereby resolves:

"That meaningful tax reforms should be adopted as a means of achieving an equitable national income tax policy, and further resolves:

"That any proposal to extend the income tax surcharge be considered simultaneously with recommendations on meaningful tax reform and further resolves:

"That the present income tax withholding rates be continued after June 30, 1969 for a period of one quarter to permit full consideration and disposition of the reform and extension of the surtax."

It was my intention of course to inform the full Democratic membership of the Policy Committee's recommendations before incorporating that action into any deliberations on the Senate floor. You will recall, however, that the Senate's consideration of the temporary extension of the surtax withholding rates last Wednesday, I publicly announced the Policy Committee's unanimous position that meaningful tax reform should be considered simultaneously with any fixed extension of the surcharge.

The announcement was required at that time simply because Senate action was needed. The House leadership appointed a special committeetwo weeks. That event required the Senate's Finance Committee to proceed immediately with an interim 31-day withholding rate extension to preserve the status quo until House disposal of the surcharge. The short extension of withholding rates was not necessary to permit House action; it was undertaken at the request of the House leadership. So it was this impeding action that I felt it imperative to publicize the Policy Committee's position. In going on record at that time, I was hoping to assure against any misinterpretations of any subsequent extensions of the withholding rates be continued after June 30, 1969.

If, therefore, I wish to permit additional time for Senate action. The debate on the floor prior to passage of the 31-day extension of withholding rates clearly specifies that additional extensions will be forthcoming if necessary to afford the orderly processing of intended tax reform through the Senate Finance Committee.

I should mention that during its deliberations on this resolution, the Finance Committee was well apprised of the inequities of the tax structure and the growing public awareness of this, I apply to extend the surtax would have compounded these inequities. Coupling the reform of the tax structure with another extension of the surtax thus appeared unreasonably fair. Indeed, for the taxpayer, it should come as a welcomed message.

So it was for these reasons that the Committee felt that no permanent extension of the surcharge should be voted, unless and until tax reform is passed by the Senate committee. And it should be added that Senator Russell Long, Chairman of the Finance Committee, participating in these deliberations and in the unanimous vote of the Policy Committee.

I hope you will understand these events that prohibited a more orderly communication of this action. I hope also you will consider favorably the position adopted on this proposal.

Sincerely,

M. S. MANSFIELD

Mr. President, I hope this news now explains the question that I raised not only over the last weekend but over the past several weeks. The Democratic policy committee has made its recommendation unanimously. Insofar as it is possible the major-twelve will adhere to that recommendation, because he feels the only way to bring about good legislation, in an orderly manner, is on the basis of the basis of the recommendations laid down by the policy committee.

As I said, it is the intention of the majority leader to call up the surtax bill first, that will be followed—right after or very, very shortly, thereafter, I would hope—by a tax reform bill.

In that way, I feel that we strengthen that the majority will adhere to that it were to come out here on its own, it is my very strong belief that it would be weighted down, as I have already stated, with Christmas tree ornaments—none of them would be considered as true reform items—and that the end result could be no surtax bill and no reform bill.

I wish to emphasize again that it is very important to the economy of this country, that we are doing on the earliest possible date as to whether or not we are going to extend the surcharge and if so at what rate, and also whether we are going to repeal the investment tax credit and if so the effective rate and on what terms.

I was hoping, and I still hope, that the Senate can arrive at a decision to vote on this at an early date and then proceed in an orderly manner where both the majority and the minority views can be brought into accord, where we can report a bill out and then consider it. If we do not have an opportunity to consider the second bill and then be brought into accord, after Labor Day it will not make too much difference.

But I think it would be a strategic mistake if the decision on the surcharge is postponed until later, this is realized.

I say again, I hope that before the Democratic policy committee reaches an
irrevocable decision they will consider the views of some of us on this side of the aisle who have the same interests at heart as do they on that side.

Mr. MANSFIELD. Mr. President, I appreciate the remarks just made by the distinguished Senator from Delaware. I know work in the Committee on Finance in the field of taxation, and of the many contributions which he has made to bettering the economic situation of this Nation, and its financial condition.

If I conveyed the impression that I was speaking for the Senate as a whole, or for Republicans, I should like to correct that right now, because I was speaking only for the Democratic policy committee and, I believe, a majority of the Members on this side of the aisle. Even that, for me, is covered by a great deal of territory, because I have enough trouble speaking just for myself, most of the time.

Mr. WILLIAMS of Delaware. I was not criticizing the majority leader; I am sure he understands that.

Mr. MANSFIELD. I understand.

Mr. WILLIAMS of Delaware. What I wanted to ask was that before they make an irrevocable decision I hoped the Senators as to just exactly what should like to make it clear that some of the confusion arises from the fact that there is no meeting of the minds among Senators as to just exactly what tax reform is. Some Senators think tax reform means one thing, and other Senators think it means something else.

As far as I am concerned, I find that the best way to proceed in this situation is to be flexible about the matter, consider everyone's suggestion, do as we have been doing in the past and vote for those things that people think are right and vote against those things with which people disagree.

Mr. MANSFIELD. I assure the distinguished Senator that his views will be made known to the Democratic policy committee.

Mr. LONG. Mr. President, as a point of clarification of the legislative discussion about the tax reform problem, I should like to make it clear that some of the confusion arises from the fact that there is no meeting of the minds among Senators as to just exactly what tax reform is. Some Senators think tax reform