I salute these achievements and hopes of the Sudan. I am certain that the next 7 years will bring even greater advancement. We hope that in the forthcoming years the Sudan will set an example for the world community to emulate. We are proud to claim the Sudan as a friend and to share with the Sudanese people the celebration of their independence anniversary.

Truth-in-Lending Bill

EXTENSION OF REMARKS

OF

HON. ROBERT N. C. NIX

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, January 10, 1963

Mr. NIX. Mr. Speaker, today I have introduced a bill designed to accelerate the stabilization of the Nation's economy by assuring equitable relationships that will result from the full disclosure of financing costs in connection with extensions of credit. In recent years an increasing number of complaints of widespread extortion, arising from presently accepted business practices, has been disclosed by witnesses before congressional committees, revealed in reports of the public press and related by individuals personally victimized by the flourishing credit racket. An abundance of relevant testimony, clearly establishing the viciousness of the system, has been recounted by witnesses before the House District Committee and the Subcommittee on Production and Stabilization of the Senate Committee on Banking and Currency.

I, therefore, have presented the bill both to stabilize the economy and to promote individual justice. I am deeply concerned over the fact that from both the quantity of substantial evidence presented to committees and secured through personal sources it is conclusively indicated that countless Negroes have been robbed and cheated by unscrupulous business people who willfully exact exorbitant interest through subtle means unrevealed to them. As a consequence of such practices the full cost of articles to the trusting purchaser is withheld while the seller is realizing profits as great as 100 percent or more. Moreover, through such criminal practices there are thousands of well-known instances pointing out that it is a common policy of dishonest sellers to resell the same articles several times over with the identical built-in interest charges to other unsuspecting Negroes further compounding, thereby, big profits for such businessmen. And, the sum total of the tragedy of this unconscionable condition has been that consumers who have suffered most are those in the lowest economic group and, thus, least able to pay.

Full disclosure of financing costs incident to consumer credit could prevent or at least restrain abuses of the helpless imposed as is now the case through the concealment of true rates, the manipulation of charges by the use of fees, and the failure to rebate amounts taken in advance. These considerations, Mr. Speaker, are so compelling that I have presented this legislation and am now appealing to the leadership to join me in its passage.

Tax Rate Reforms for Growth and Jobs

EXTENSION OF REMARKS

OF

HON. A. S. HERLONG, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, January 10, 1963

Mr. HERLONG. Mr. Speaker, under leave to extend my remarks in the Record, I include the following statement by the gentleman from Tennessee, Howard H. Baker, and myself, upon introduction of new bills for reform of personal and corporate income tax rates:

TAX RATE REFORM FOR GROWTH AND JOBS

(Statement of Hon. A. S. Herlong, Jr., Democrat, of Florida and Hon. Howard H. Baker, Republican, of Tennessee, January 10, 1963)

It is our hope that 1963 will witness the reversal of Federal tax policy which for so long has been stacked against capital formation, economic growth, and job creation. To this end, we have introduced new bills for reform of personal and corporate income tax rates over a 5-year period. The principle that lower tax rates mean more vigor and growth in the private economy is generally recognized by the average citizen. While this principle provides the basic guidance for reforming a rate structure, there are complex fiscal problems and sophisticated economic questions which tax specialists and policymakers, including Members of the Congress, must consider before agreement on specific legislation. To make it useful in policy deliberations, this statement in explanation and support of our bills is more of a technical than a popular exposition.

This legislative program is not designed to apportion tax relief among disputing claimants, but to serve the general public interest in greater growth and more jobs.

It is not designed to stimulate an inherently weak economy, but to release the world's strongest economy from the tax rates which bind it.

The critical test which we believe should be applied to any tax program at this time is not how much economic activity it might stir up in the next year or two, but is how much economic growth it will give us by the end of the decade. We believe our program meets this test; that it would produce maximum results in growth and jobs with a minimum of inflationary danger.

This is the third Congress in which we have proposed such legislation. Since the tax rate drags on the economy became a top public issue last summer, there has been a tremendous surge of interest in the key procedure of our bills; namely, spaced-out rate reform. Many new voices have been raised in support of our bills as a whole. Some others, however, seem to view the rate reform goals which we have set as unrealistic. Assuming that the purpose of tax action is to release the economy for optimum achievement in long-term growth and jobs, and without quibbling over negotiable details, we believe our bills encompass the only workable, realistic and adequate program now in being.

RATE REFORMS

This legislative program places the great emphasis on reduction of the range of graduation of the personal tax. The graduated rates now top out at 91 percent and reach 53 percent at the $18,000 to $20,000 bracket of taxable income.

Over a 5-year period, our bills would reduce the top rate of personal tax to 42 percent, and the 53-percent rate to 24 percent, with other graduated rates lowered in a consistent pattern. The first bracket rate of 20 percent would be lowered to 15 percent, assuring a minimum reduction of 25 percent to every personal taxpayer. The graduated rates from 22 to 34 percent would be reduced to a new range of 16 to 19 percent. The 38-percent rate would come down to 20 percent (see tables I and II).

The rate of withholding on wages and salaries would come down from the present 18 percent to 13.5 percent at the end of 5 years.

The combined top rate of corporate tax would be reduced from 52 to 42 percent over the 5-year period (see table III). The new top rate of 42 percent would still be more than 10 percent higher than the 38-percent top rate of corporate tax between World War II and the Korean war.

Our earlier bills contemplated that all rates would be put into effect as of January 1, with enactment coming in advance of the date for the first scheduled rate cuts. The current bills contemplate enactment after January, but in time to make the first reduction in the withholding rate effective July 1, 1963.

Because taxpayer returns are on a calendar year basis, the actual 1963 tax rate cuts apply to the entire year, i.e., be effective as of January 1, but the percentage amount is only one-half of that which would have resulted from enactment in advance of January 1. The reduced withholding rate however, from July to December, is the same as it would have been if it had been effective from January 1 to reflect tax cuts for a full year. As regards the average taxpayer whose tax liability is satisfied by withholding, the practical effect is tax reduction beginning as of July 1.

This procedure enables a further reduction in the withholding rate effective January 1, 1964, as the second year's tax rate cuts go into effect on that date. There would be telescoped into these cuts the one-half year's cuts which were not made effective in 1963. Consistently, the corporate cut for 1963 is held to 1 percentage point, with the deferred percentage point added to the annual reduction of 2 percentage points effective January 1, 1964.

TAX SAVINGS, REVENUE EFFECT AND REVENUE GAIN FROM ECONOMIC GROWTH

The average annual tax savings under our bills would be approximately $3.85 billion. These savings relate to the calendar year of tax liability. Of the average annual savings, $2.85 billion would go to individuals and $1 billion to corporations. Over the life of the legislation, the personal tax cuts would provide approximately $14.25 billion in tax savings and the corporate cuts $5 billion, or a total of $19.25 billion. These data are based on 1962 income levels, because it would unnecessarily complicate this statement to assign different values to the tax cuts applying to the separate years.

Of the personal tax savings, about $6.15 billion, or 43.1 percent of the total, would result from the cut to 15 percent of the 20-percent rate now applying to the first bracket of taxable income; $2.1 billion, or 15.1 percent of the total, would result from the cut to 16 percent of the 22-percent graduated rate now applying to the second bracket of taxable income. The remaining tax savings, $6 billion, or 41.8 percent of the total, would result from the cuts in the graduated rates which now range from 26 percent upward, but only 14.3 percent, or $2.04 billion, from reducing the graduated rates now over