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RADIO PROGRAM  
BY  
SENATOR HUBERT H. HUMPHREY  
WEEK OF: JANUARY 21, 1957  
(five minutes)

I am convinced the new Congress must face up soon to the problem of extending some critically needed help to our small businessmen. The best way to do it is by tax adjustment -- and that is what I am seeking for small business.


When business firm after business firm is facing serious economic trouble in a time of supposed record prosperity, something is wrong. It is becoming apparent that our prosperity has a rather shaky foundation when such a major segment of our business community is in trouble. And almost every economic study and report available emphasizes the risk our competitive free enterprise system faces unless Congress acts to check the rapidly deteriorating position of small and independent business establishments.

Headlines in The New York Times told the story in capsule form last week by stating "Failures Climb to 15 Year High -- Small Business Has Big Troubles".

This is not a political problem; it is an economic problem.

In the distributive trades, in wholesaling and retailing, there have been what almost amounts to an epidemic of failures, and the position of small and medium-size manufacturing plants would seem to be equally precarious.

One of the most effective ways of increasing the opportunity for the independent small businessman to compete on more equal terms with his larger rivals in the market place is to grant him tax advantages -- to give him a chance to accumulate more capital to bolster his own business. It is for this purpose that I have joined Senator Sparkman in sponsoring a series of five such small business tax benefit bills. Senator Sparkman is Chairman of the Senate Small Business Committee, of which I am a member, and we have been working together toward these objectives for many years. It seems imperative now that Congress acts.



The tax measures we are sponsoring are designed to afford tax relief to all small firms -- corporations, partnerships, and proprietorships. The major measure of the group would establish graduated rates for the present fixed normal and surtax rates levied on corporate incomes, providing on a graduated basis for a tax saving for all corporations with net incomes up to \$375,000. We believe it would mean a tax reduction of nearly 98% of all corporations -- with some offsetting increases on the remaining 2% of the corporations -- those with the largest incomes. Coupled with the existing option of partnerships and proprietorships to be taxed as corporations, it would make it possible for hundreds of thousands of small unincorporated firms to take advantage of the reduction in corporate rates.

The other measures would permit payment of estate taxes in installments, designed to relieve hardship burdens on small family-held businesses, permit certain small corporations to elect to be taxed as partnerships, permit a proprietor of an unincorporated business

to be considered as an employee under pension or bonus plans for the purposes of tax deductions, and extend the benefits of rapid depreciation to purchasers of used equipment.

All of these measures are the outgrowth of extensive study by our committee into ways we can ease tax hardships on the small businessman, and give him a chance to hold his own in our economy. I am hopeful that we can get favorable action, before more small businessmen are forced to give up to larger competitors.

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