

SPEECH BY: ROBERT MORGAN
TO: NEWTON-CONOVER ROTARY CLUB
NEWTON, NORTH CAROLINA
DATE: OCTOBER 15, 1974

THANK YOU FOR INVITING ME TO VISIT WITH YOU TODAY.

WHEN I WAS INVITED TO MAKE THIS VISIT, I ACCEPTED GLADLY BECAUSE DURING THE COURSE OF THIS CAMPAIGN I HAVE MET WITH AND TALKED TO AS MANY CIVIC CLUBS AS I COULD.

PEOPLE SUCH AS YOU ARE REAL COMMUNITY LEADERS, THE PEOPLE WHO ARE ABLE TO INFLUENCE PUBLIC OPINION AND I BELIEVE, IN THESE TROUBLED TIMES, IT IS IMPORTANT THAT YOU AND I DISCUSS THE STATE OF OUR ECONOMY AND TRY TO CONSIDER WHAT CAN BE DONE TO HELP CURE IT.

BECAUSE THE ECONOMY IS SICK. MAKE NO MISTAKE ABOUT THAT.

I HEARD A STORY THE OTHER DAY ABOUT A MAN WHO WANDERED INTO A FEDERAL OFFICE BUILDING IN WASHINGTON. HE ASKED THE RECEPTIONIST IF THIS WAS THE PLACE THAT WAS HEADQUARTERS FOR THE WAR ON POVERTY. WHEN THEY TOLD HIM IT WAS, HE SAID, "GOOD, I JUST CAME IN TO SURRENDER."

THAT'S AMUSING BUT THE SHAPE THIS COUNTRY IS IN IS NOT FUNNY AT ALL.

THE PRESIDENT, RECOGNIZING THAT SOMETHING MUST BE DONE TO STOP WHAT IS ERODING PEOPLE'S PAY CHECKS, A FEW DAYS AGO ADVANCED A PACKAGE CONTAINING

SOME 31 POINTS WHICH HE ASKED THE CONGRESS TO SUPPORT.

LET ME SAY HERE AND NOW THAT I AM GLAD THAT THE ADMINISTRATION IS FACING UP TO THE PROBLEM AFTER MONTHS AND YEARS OF LOOKING THE OTHER WAY IN THE HOPE THAT SOMEHOW IT WILL DISAPPEAR.

THE PRESIDENT HAS CALLED INFLATION "PUBLIC ENEMY NUMBER ONE" AND HAS ASKED THE SUPPORT OF THE NATION IN HELPING THE FIGHT ON IT.

HE HAS CALLED ON THE AMERICAN PEOPLE TO CONSERVE FOOD AND ENERGY AND TO GENERALLY "TIGHTEN THEIR BELTS."

I CERTAINLY SUPPORT HIM IN THAT.

HE HAS ALSO CALLED FOR A REDUCTION IN FEDERAL SPENDING, SAYING THE PEOPLE CANNOT BE ASKED TO SPEND LESS AND CONSERVE UNLESS THE GOVERNMENT DOES THE SAME.

I WHOLE HEARTEDLY SUPPORT HIM IN THAT, BECAUSE I HAVE BEEN PUBLICLY ADVOCATING LESS FEDERAL SPENDING AND A BALANCED FEDERAL BUDGET SINCE JANUARY, WHEN I ANNOUNCED MY CANDIDACY FOR THE SENATE.

THERE ARE SOME WHO SAY THAT HE HAS NOT ADVOCATED MEDICINE STRONG ENOUGH TO CURE OUR ECONOMIC ILLNESS AND INSTEAD OF BITING THE BULLET HE HAS MERELY NIBBLED ON IT AS SOMEONE HAS SAID HAS "BITTEN THE MARSHMALLOW."

BUT HIS WILLINGNESS TO ADOPT MANY PROGRAMS THAT WERE ALREADY BEING WORKED ON IN THE CONGRESS IS GRATIFYING, AND I EXPECT THAT MANY OF THEM WILL BE ENACTED.

I AM SURE THAT ALL OF THE POINTS HE ADVOCATED WILL BE STUDIED CAREFULLY.

SOME OF THE THINGS HE HAS PROPOSED HOWEVER, HAVE CONCERNED ME.

I QUESTION THE FAIRNESS OF THE PROPOSAL TO PLACE A SURTAX ON PEOPLE WHOSE INCOMES EXCEED \$7,500 AND FAMILIES WITH GROSS INCOME OF \$15,000 A YEAR.

WITH THE HIGHER PRICES IN THE GROCERY STORES, THE CLOTHING STORES, AT THE GASOLINE STATIONS AND EVERYWHERE ELSE ANYTHING IS SOLD, I DON'T BELIEVE THAT PEOPLE MAKING THIS KIND OF MONEY CAN AFFORD TO PAY MORE TAXES THAN THEY ARE PAYING NOW.

UNDER THIS PROPOSAL, IT IS PERFECTLY POSSIBLE FOR A PERSON MAKING \$100,000, TAKING ADVANTAGE OF EXISTING LOOPHOLES, NOT ONLY TO PAY NO TAX BUT ALSO NO SURTAX. BECAUSE IF HIS TAX BILL IS ZERO, THEN FIVE PER CENT OF ZERO IS ZERO.

UNDER THIS PROPOSAL, MR. NIXON, UNDER THE FORMULA HE APPLIED TO HIS TAX RETURN, WOULD HAVE PAID NO TAX IF THE SURTAX HAD BEEN IN EFFECT THEN.

THIS PROPOSAL HITS THE MIDDLE INCOME AMERICAN, THE PERSON WHO HAS BEEN BEARING THE HEAVIEST TAX LOAD, RIGHT WHERE IT HURTS. AND IT HITS THE PERSON WHO, NEXT TO THE POOR AND THE ELDERLY, HAS BEEN HARDEST HIT BY INFLATION.

THERE HAVE BEEN SOME WHO SAY THE TAX SHOULD NOT BE APPLIED TO PERSONS MAKING LESS THAN \$25,000, AND I BELIEVE THAT WOULD MAKE IT MORE EQUITABLE AND WOULD AFFECT THOSE MORE ABLE TO PAY.

BUT I BELIEVE THE SURTAX APPROACH ITSELF IS WRONG UNTIL SOME OF THE LOOPHOLES HAVE BEEN CLOSED. ALL DURING THE CURRENT CAMPAIGN, I HAVE NOT CAMPAIGNED FOR HIGHER TAXES OR LOWER TAXES BUT FOR FAIRER TAXES. AND NOTHING HAS HAPPENED TO CAUSE ME TO MOVE FROM THAT POSITION BY A SINGLE INCH.

OVER THE YEARS, THE AMOUNT OF MONEY THAT INDIVIDUALS HAVE PAID IN INCOME TAXES HAS SWELLED AT AN UNDUE RATE, WHILE THE MONEY PAID IN TAXES BY CORPORATIONS HAS DWINDLED BY COMPARISON.

FOR INSTANCE, IN 1954, JUST 20 YEARS AGO, CORPORATIONS PAID 30.3 PER CENT OF THE TOTAL TAX; IN 1970, THEY PAID ONLY 16 PER CENT.

CONSIDER THE FACT THAT THE INTERNAL REVENUE SERVICE REPORTED THAT IN 1972 THERE WERE 402 AMERICANS WHO MADE MORE THAN \$100,000 BUT PAID NO FEDERAL INCOME TAX.

AND THERE WERE FOUR PEOPLE IN THIS COUNTRY WHO MADE OVER A MILLION DOLLARS IN 1973 AND PAID NO TAXES.

DOESN'T THAT SOUND AS IF SOME LOOPHOLES SHOULD BE CLOSED?

LET'S LOOK AT THE OIL COMPANIES.

IN 1973, THE NATION'S 19 LARGEST OIL COMPANIES EARNED PROFITS OF \$18 BILLION BEFORE TAXES, AND THEY PAID CORPORATE TAXES OF ONLY 6.5 PER CENT.

COMPARE THAT TO THE PERCENT OF AN AVERAGE SALARY THAT THE GOVERNMENT WITHHOLDS FROM PAYCHECKS.

ISN'T THERE SOMETHING IN THAT SITUATION THAT SHOULD BE CORRECTED?

THE OIL COMPANIES ARE NOT VIOLATING ANY LAW.

UNDER PRESENT LAW, THEY ARE ALLOWED TO DEDUCT TAXES THEY PAY TO FOREIGN GOVERNMENTS FROM THEIR U. S. INCOME TAXES. YEAR AFTER YEAR, THEY HAVE USED THESE CREDITS TO REDUCE THEIR INCOME TAXES BY AS MUCH AS 75 PER CENT.

SHOULDN'T THAT BE CORRECTED BEFORE WE START PUTTING MORE TAXES ON THE SINGLE FELLOW MAKING \$7,500 OR THE MARRIED COUPLE MAKING \$15,000?

YOU KNOW, BIG CORPORATIONS HISTORICALLY HAVE DONE WELL UNDER REPUBLICAN NATIONAL ADMINISTRATIONS.

SO IT SHOULDN'T BE SURPRISING THAT IF ONE LOOKS AT THE PRESIDENT'S INFLATION FIGHTING PROGRAM THAT THEY ARE DOING WELL THERE TOO.

UNDER THE PLAN, CORPORATE TAXES WOULD BE CUT BY SOME \$700 MILLION DURING THE FIRST YEAR. IT IS ESTIMATED THAT THE FIVE PER CENT SURTAX WOULD COST CORPORATIONS \$2.1 BILLIONS, BUT INCREASING THE INVESTMENT TAX CREDIT WOULD DECREASE THEIR TAXES BY \$2.7 BILLION AND ALLOWING THEM TO DEDUCT PREFERRED STOCK DIVIDENDS WOULD SAVE THEM ANOTHER \$100 MILLION.

FURTHERMORE, THE REDUCTIONS GIVEN CORPORATIONS ARE PERMANENT WHILE THE SURTAX IS TEMPORARY, ACCORDING TO THE PRESIDENT.

FINALLY, EVEN IF YOU ACCEPT THE SURCHARGE PROPOSAL, WHICH I DON'T AS LONG AS THE LOOPHOLES REMAIN OPEN, YOU WOULD HAVE TO SAY IT IS BEING PROPOSED AT THE WORST POSSIBLE TIME.

WE ARE IN A RECESSION WHETHER THE NATIONAL ADMINISTRATION ADMITS IT OR NOT AND WEAKENING CONSUMER BUYING, WHICH IS WHAT THE SURTAX WILL DO, WILL ONLY PUSH US INTO A DEEPER RECESSION.

NOW I DO NOT OPPOSE PORTIONS OF THE PRESIDENT'S PLAN IN ANY PARTISAN MANNER.

THOSE PROGRAMS WHICH HE HAS ADVOCATED, SUCH AS ENDING GOVERNMENT DEFICIT SPENDING, CONSERVING ENERGY AND MAKING AMERICA SELF-SUFFICIENT IN ENERGY PRODUCTION, I SUPPORT JUST AS HEARTILY AS IF THEY HAD COME FROM A DEMOCRAT; AS, INDEED, MANY OF THEM HAD PRIOR TO THE RELEASE OF THE FORD PLAN.

WE MUST BRING INFLATION UNDER CONTROL.

BUT LET'S NOT START THE WAR BY ADDING TO THE BURDENS OF THE PEOPLE WHO ARE HURTING THE WORST AND WHO HAVE BEEN CONTRIBUTING THE MOST.

IF WE HAVE TO TIGHTEN OUR BELTS, THEN I BELIEVE THE AMERICAN PEOPLE WILL DO JUST THAT BUT LET'S TIGHTEN THE CORPORATE AS WELL AS THE MIDDLE INCOME INDIVIDUAL BELT.

I AM CONFIDENT THAT CONGRESS WILL WORK WITH THE PRESIDENT TO ENACT A COMPREHENSIVE PROGRAM TO RETURN STABILITY AND SANITY TO THE NATION'S ECONOMY.

###