United States Senate

7% INVESTMENT CREDIT
Sept., 1966

Dear:

I do appreciate your thoughtfulness in bringing me your views on the Administration's proposal to suspend the 7 percent investment credit. As you know hearings on this proposal have already been started by the Committee on Ways and Means of the House of Representatives. I anticipate that the proposal will be before the Finance Committee in two or three weeks.

I remember very well the arguments that were presented in favor of investment credit when the measure was originally considered. I thought that the arguments were valid and that surely our domestic industry should be given some treatment in the field of capital investment that is given to their competitors abroad. Certainly the program has worked in precisely the manner that we had expected. Industry has expanded, it has modernized.

Now to suddenly suspend this credit would certainly disrupt many needed long-range expansion plans. But with the backlog of orders I can see no appreciable slow down by capital goods producers for some six months or more. There will be no immediate effect from this bill and in the opinion of many when the effect is felt the economy may be in such condition that it may well be necessary to decrease taxes in order to stimulate the economy.

So you can see we will have quite a bit to discuss when we have Secretary Fowler before the Finance Committee. You may be certain that this proposal will have very careful attention.

Sincerely,

Everett McKinley Dirksen
United States Senate
September 14, 1966

Mrs. Edna Olson
U. S. Courthouse
219 South Dearborn
Chicago, Illinois

Dear Mrs. Olson:

I do appreciate your thoughtfulness in bringing me your views on the Administration's proposal to suspend the 7 percent investment credit. As you know hearings on this proposal have already been started by the Committee on Ways and Means of the House of Representatives. I anticipate that the proposal will be before the Finance Committee in two or three weeks.

I remember very well the arguments that were presented in favor of investment credit when the measure was originally considered. I thought that the arguments were valid and that surely our domestic industry should be given some treatment in the field of capital investment that is given to their competitors abroad. Certainly the program has worked in precisely the manner that we had expected. Industry has expanded, it has modernized.

Now to suddenly suspend this credit would certainly disrupt many needed long-range expansion plans. But with the backlog of orders I can see no appreciable slow down by capital goods producers for some six months or more. There will be no immediate effect from this bill and in the opinion of many when the effect is felt the economy may be in such condition that it may well be necessary to decrease taxes in order to stimulate the economy.

So you can see we will have quite a bit to discuss when we have Secretary Fowler before the Finance Committee. You may be certain that this proposal will have very careful attention.

Sincerely,

Everett McKinley Dirksen