The Revenue Act of 1964

Johnson’s Success, Kennedy’s Failure

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INTRODUCTION

This paper considers the Revenue Act of 1964, a bill that provided a reduction in taxes while simultaneously reforming the existing tax laws in hopes of strengthening the American economy. First introduced by President John F. Kennedy in his 1963 State of the Union Address, the bill did not receive passage in Congress until after his untimely death and into the early part of the administration of President Lyndon B. Johnson. On February 26, 1964, President Johnson signed into law, the Revenue Act of 1964, a major piece of legislation that provided a tax cut to American citizens and businesses and reformed the existing tax laws. Implemented with hopes that individuals would consume more in the economy with the money that otherwise would have funded their taxes, this act helped boost the sluggish economy that had experienced a decline and a slight recession. In addition, the bill introduced many new tax reforms that the administrations of Kennedy and Johnson both deemed necessary. Given the importance and controversy of this bill, members of Congress vociferously debated the provisions of this bill for many months before its passage.

When finding information on the timeline of this bill, one fact quickly attracts a researcher: President Kennedy failed to pass the bill as quickly as President Johnson. Under the administration of President Kennedy, Congress debated the tax cut for ten months. However, President Johnson passed the bill in just three months. With this discrepancy in mind, this paper will investigate and formulate reasoning for President Kennedy’s inability and President Johnson’s ability to pass the tax cut in a timely manner. This paper will ultimately attempt to explain the difference between the success and failure between the two presidents. In order to make this happen, this paper divides into three sections: substantive summary, strategic summary, and conclusion.

In the proceeding substantive summary, this paper will first review the background information related to the bill in question in order to understand the complexities of the legislation and give reasoning to why the bill may have been controversial. After establishing the facts of the bill, this paper will articulate a research question to explain the difference in strategies between President Kennedy and President Johnson. In other words, the research question will focus on why President Kennedy failed and President Johnson succeeded in passing the bill. After presenting the research question, this paper will attempt to explain the difference in timing for Kennedy and Johnson by proposing five potential conjectures: better leadership, Kennedy’s advancement in the legislative process, increased national morale and strives to pass Kennedy’s goals after his assassination, an improved economy, and reduced government spending in the federal budget. In addition, in the strategic summary, the paper will suggest what type of evidence will support or undermine the proposed conjectures. This paper will then attempt to present the evidence and reflect on whether the facts support the conjectures. The conclusion will evaluate which conjecture best reflects the evidence and best answers the research question.

This paper will discuss the reduced government spending in the federal budget last because after extensive research on the topic, it seems that the bill passed simply because President Johnson lowered the size of the federal budget to justify a tax cut while President Kennedy did not. The two conjectures relating to an improved economy and better leadership do prove to have valid evidence supporting them, but neither explain the research question quite as
well. In contrast, little evidence supports the conjectures of advanced legislation and willingness to pass Kennedy’s goals after his assassination. Ultimately the bill passed because President Johnson trimmed the federal budget and President Kennedy failed.

**SUBSTANTIVE SUMMARY OF**

**THE REVENUE ACT OF 1964**

President Lyndon B. Johnson signed into law on February 26, 1964 the Revenue Act of 1964 (HB 8363) after thirteen months of grueling debate in Congress. In his State of the Union Address in 1963, President John F. Kennedy requested the tax cut legislation and deemed it one of his biggest priorities, next to civil rights legislation. Unfortunately, President Kennedy did not live long enough to see the tax bill pass in Congress, assuming it would have passed had he lived. Upon taking office, President Johnson also made the tax bill one of his biggest priorities in the new presidential administration. President Johnson described HB 8363 as “the single most important step that we have taken to strengthen our economy since World War II.” This bill considerably reduced taxes on individuals and corporations while simultaneously reforming the existing tax laws.¹

The bill first began its legislative process on January 25, 1963 when President Kennedy submitted his tax proposal to Congress. Members of Congress later reviewed the bill in the House Ways and Means Committee under the leadership of the committee chairman Representative Wilbur D. Mills (D-AR) and in the Senate Finance Committee led by the committee chairman Senator Harry Flood Boyd (D-VA). After eight months in the Ways and Means Committee, the House passed HR 8363 with a 271-155 roll call vote on September 26, 1963. The Senate passed the bill on February 7, 1964 with a 77-21 roll call vote. Following the passage from both houses, members of Congress convened in a conference committees to settle differences between the two chambers’ versions of the bill. This occurred on February 10, 17, 18, and 19. On February 25, 1964, the House successfully passed HR 8363 with a 326-83 roll call vote. The Senate then passed the bill one day later with 74-19 in a roll call vote. In short, the Revenue Act of 1964 included provisions that decreased individual and corporate tax rates, new capital gains regulations, implemented revenue raising legislation and for revenue reduction legislation. This paper will now review the complexities of this bill more thoroughly in order to consider the specifics of the provision and understand why members of Congress may have been unwilling to support it.²

First, the bill implemented tax reductions, the most prominent part of the bill. The reductions fell under two categories: personal individual taxes and corporate taxes. The individual tax rate fell under the provisions outlined by HR 8363. Prior to signing the bill into law, the existing tax system for personal incomes fell at rates between 20 and 91 percent. Individual income tax rates declined to rates between 16 and 77 percent for 1964 and 14 and 70 percent for 1965 and subsequent years after President Johnson signed the bill into law. The bill

² Ibid.
also divided the lowest tax bracket into four distinct brackets. This division of brackets helped to reduce taxes for lower class Americans. With these cuts in mind, the federal government took a $9.5 billion revenue decline. The Revenue Act of 1964 helped stimulate the economy in terms of lowering unemployment and increasing investment because of the increased consumption the tax cut provided. In fact, wages increased 7-1/2 cents per hour for the average worker because of the tax cut, according to the AFL-CIO.\(^3\)

The corporate tax rates also experienced a reduction. The bill aimed to reduce the corporate income tax rate from 52 percent to 48 percent over the subsequent two years. For 1964, the government taxed corporations at a rate of 50 percent. For 1965 and following years, corporations paid a rate of 48 percent. The government added the normal tax rate to the surtax rate to calculate the combined rate. The government applied the surtax rate only after $25,000 of income.\(^4\)

In addition to cutting corporate tax rates, the Revenue Act of 1964 changed the timing of payments for corporate taxes. Small corporations with tax liabilities over $100,000 could defer some of their payments until after the company earned enough income. However, large corporations owing more than $100,000 still owed payment the same year the company earned the income. Combining all the corporate tax cuts, the reductions the bill provided decreased an additional $2.2 billion in revenue.\(^5\)

Second, the Revenue Act of 1964 provided more revenue losing tax reforms. For example, one reform altered the minimum standard deduction, allowing individuals to deduct more from their taxes. HR 8363 allowed companies suffering foreign expropriation losses to wait up to ten years before filing a tax credit and it permitted retailers selling on credit, such as department stores, to file earned income when the customer paid instead of when the sale occurred. It also raised the amount of retirement income an individual could credit. Another reform eliminated the investment tax credit limits on depreciable assets and on public utilities. In addition, the bill reduced tax revenue by allowing employees to deduct moving expenses, unless the company paid for the moving. Further, the bill altered the income averaging formula for those professions with variable yearly incomes. It increased the maximum deduction for child care and extended the circumstances where a parent could deduct such expenses. Finally, the bill reduced revenue by abolishing the maximum medical deduction for taxpayers over 65. Overall, the bill implemented a variety of additional measures that reduced federal revenue.\(^6\)

Third, a major part of the bill involved revising capital gains taxes. The Revenue Act of 1964 established harsher tax regulations for stock options. These revisions included a ban against issuing stock options below market price, a ban against stipulations that allowed a company to purchase stock options at a price lower than the current market value, and a three year minimum

\(^4\) Ibid.
\(^5\) Ibid.
\(^6\) Ibid.
ownership before selling stock options. It also established a way for employees to collect stock options more successfully.  

HR 8363 also revised capital gains taxes by increasing taxes on real estate gains earned when the property depreciates at a faster rate. The bill applied capital gains tax rates to iron ore royalties and it reduced capital gains taxes for individuals over 65 years old selling their homes. These provisions not only revised capital gains taxes, but also enabled the government to gain lost revenue.  

Fourth, the Revenue Act of 1964 implemented additional revenue generating reforms to compensate for the lost revenue the bill provided through the tax cuts. Under this bill, the government disallowed taxpayers to deduct certain local, state, and foreign taxes. These new prohibited deductions included alcoholic beverage taxes, cigarette taxes, registration/license fees, and poll taxes. To satisfy labor unions, the bill granted sick pay tax exclusions if the person did not work for more than thirty days. The bill prohibited tax deductions on loans used to purchase life insurance and forced taxpayers to claim some group term life insurance programs as income. Finally, the bill removed a law that granted a small tax credit to those earning income through dividends and by removing a law that allowed individuals to exclude some dividend profit from their taxable income. In sum, to compensate for the revenue losing effects of the tax cut, HR 8363 provided an array of provisions designed to increase revenue.

Fifth, as aforementioned, the bill instituted many revenue generating or preventing provisions. However, the bill included many revenue neutral provisions. For example, the bill made changes to charitable contribution deductions, provisions for corporate reorganizations in which one company transfers stock to another, and the application of normal tax rates to interest on deferred payments. In addition, the bill granted the power to the Treasury Department to exempt pension plans from federal taxation. It also established an array of minor provisions effecting life insurance companies, investment companies, small businesses, overseas income, estate taxes, and travel expenses. All told the bill generated multiple changes that did not affect the federal revenue directly.

Three main controversies kept the bill from swiftly moving through Congress and from Presidents Kennedy and Johnson from signing the legislation. To begin with, different interest groups such as labor unions and professional organizations disagreed over the tax cut’s distribution. Next, many members of Congress deemed the tax reforms unnecessary or did not like them altogether, thus halting progress on the bill. Lastly, fiscally conservative members of Congress hesitated in implementing a tax cut without also making spending cuts in the federal budget. These particular members of Congress disagreed with the scope and size of President Kennedy’s budget and felt that decreasing revenue through the tax cut would only enlarge the national deficit. To better understand this bill, this paper will discuss these controversies more thoroughly.

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8 Ibid.
9 Ibid.
10 Ibid.
11 Ibid.
First, considering that many interest groups had something to gain from the proposed tax cut, they determinedly lobbied members of Congress on their preferred distributive policies of the cut. After letting their opinions known, it showed obvious signs that the controversy stemmed from a class conflict between labor and business. In other words, the interest groups had serious concerns over the distribution of the tax cut among the rich and poor in America. Wealthy individuals and business owners preferred a bigger piece of the tax cuts in order to increase investment. Individuals in lower income brackets wanted more tax cuts in order to consume more. Those lobbying for the wealthier Americans clearly operated under the assumption that wealthier individuals have more disposable income, thus the wealthier individuals invest more into the economy than poorer individuals. Interest groups for businesses and wealthy Americans argued that decreasing taxes for the wealthy would generate more disposable income. The disposable income could then increase more investment. Furthermore, they argued that the increased investment would help sustain economic growth and prevent the potential of another recession.12

On the other side of the debate, labor unions argued against tax cuts for the wealthy and instead urged members of Congress to support lower end tax cuts to increase consumption. They argued that tax cuts for the lower working class would increase consumption because more individuals would have the money to spend in the market since these individuals less likely invest or save their money. Following this logic, they argued that if consumption in the market increased, then it could potentially cut down the unemployment rate because demand would increase on goods and services, thus more companies would have the necessary capital to hire more laborers. Overall, the argument from both sides converged on the question of which tax bracket deserved the tax cut, wealthier or lower class Americans. In addition, the question transformed into whether the federal government considered increased investment or increased consumption beneficial to the economy.13

To prove this point, the following chart illustrates that the tax cut did provide not only increased consumption and increased investment, but also spurred more revenue. The data from this chart comes from the Office of Economic Research at the Federal Reserve Bank in Saint Louis. The x-axis represents the time frame, which starts on January 1963, when President Kennedy first proposed the tax cut, and ends on February 26, 1969, exactly five years after President Johnson signed the legislation into law. The y-axis represents the percent change from the year before. All values above the x-axis at “0” illustrate growth, while all values below the x-axis denote negative growth.

13 Ibid.
The blue line represents the personal consumption expenditures; the red line represents the investment; the green line represents corporate profits after taxes; and finally the orange line represents the federal government current receipts, or the revenue generated by the federal government. As shown in the chart, consumption increased moderately, but remained positive after the tax cut. Investment grew steadily after the cut. Corporate profits remained positive and increased. More surprisingly though, the government continued to lose revenue prior to 1965, but after the tax cut, revenue actually increased. This increase in generated revenue could suggest that wealthier individuals and businesses chose not to conceal their income considering the new lower tax rate. This assumes that wealthier individuals and businesses habitually conceal income in hopes that they avoid paying taxes on it. Also, it assumes that wealthier people feel altruistic towards their country only when their taxes remain low.14

The next controversy in HR 8363 concerned the tax reforms that President Kennedy wanted passed with the tax cut. According to President Kennedy, the objectives of the tax reform would "provide greater equity in a broader tax base, to encourage the full and efficient flow of capital, to remove unwarranted special privileges and hardships, to simplify tax administration and compliance and to release for more productive endeavors the energy devoted to avoiding taxes."15 The reforms by Kennedy sought to reverse the erosion of the lower tax base. Members of Congress thought that President Kennedy would strip the bill of tax reform when the economy exhibited little to no growth. When the economy appeared lethargic, many desired the administration to scrap the plan for reform and accelerate the enactment of an

14 Federal Reserve Bank of St. Louis, Office of Economic Research, http://research.stlouisfed.org/fred2/graph/?id=GDP,
economy-stimulating tax cut. On the other hand, some legislators like Rep. Wilbur Mills, chairman of the House Ways and Means Committee, supported the tax reform. The House Ways and Means Committee spent two months receiving testimony on the proposed reforms. It then devoted an additional five months preparing the complex language for the structural revisions implementation. A lot of the time spent involved the influence of lobbyists and special interest groups, such as labor unions and corporations, as they discussed which proposals the bill should have. Coincidentally, the lobbyists’ and special interest group’s influence in the House had already finished and the bill had gone through the chamber by the time the Johnson Administration started. Because of the debate on proposed tax reform plans following an improving economy and the complicated legislative process, delay occurred in passing HR 8363.16

The most important controversy involved the size and scope of the federal budget. Members of Congress viewed President Kennedy’s budget and spending habits as the biggest obstacle in agreeing to justify a tax cut. During his administration, President Kennedy employed the idea that increased government expenditure would benefit the economy. For example, in 1963, Kennedy tried to help stimulate the economy, which had experienced recession, in the form of more government expenditures in addition to tax cuts. This did not settle well among the fiscally conservative members of Congress, who deemed it inappropriate to justify a tax cut when the government continued to spend heavily. They believed that cutting revenue while simultaneously increasing government expenditures would create a large deficit. After President Johnson took office, Senator Harry Flood Byrd, the chairman of the Senate Finance Committee, would not support HR 8363 until after President Johnson presented his 1965 budget proposal. Afterwards, the bill coincidentally received passage in the Finance Committee and later in the Senate.17

Given these controversies, President Kennedy proved unable to pass the bills in a timely manner as he had hoped. After taking the presidency following President Kennedy’s untimely death, President Johnson eventually proved able to convince members of Congress to pass the bill after only three months as president. Considering Congress moved the bill at a more rapid pace under the Johnson Administration than it had under the Kennedy Administration, why did President Johnson seem to effectively light fire under the senator’s feet unlike his predecessor? This paper considers five possible conjectures: better leadership, advanced legislation, strives to follow through on Kennedy’s goals after his assassination, an improved economy, and reduced government spending in the federal budget.

17 Ibid.
STRATEGIC SUMMARY

Better Leadership

The first conjecture focuses on the difference by accounting for Johnson’s wealth of experience and Kennedy’s lack of experience in terms of how it may affect their leadership skills. One of the president’s main responsibilities includes that of chief legislator. In this role, the president finds himself responsible in formulating his policy goals, crafting legislation, working to get his goals passed through Congress, and signing the legislation into law or vetoing it completely. For this to occur, the president has to exhibit a great deal of leadership capabilities and know how to best use the intricate legislative process to his benefit. Considering this, Presidents Kennedy and Johnson both attempted to influence members of Congress in various ways to pass the tax cut.

Another significant role of the president, party leader, also plays a major factor in the president’s ability to pass his policy objectives. As leader of his party, the president can attempt to influence his party’s members in political bargaining, compromises, or by simply calling in favors. For example, the president can promise a member of his party a chance to campaign for re-election with the president by his side, or promise to support the member’s upcoming bill. Similarly, the president can earn support for his policy initiatives by influencing members of the opposing party in like fashion: bargaining, compromises, and calling in favors. In this case, the president can pledge to avoid vetoing an opposing member’s bill in return for an affirmative vote on the president’s major policy objective, in this case the tax cut.

In addition, the president has the role of chief executive. Under this role, the president leads the executive branch and controls each department of the federal government. He has the ability to fire executive employees, decrease funding for specific departments and agencies, or he can threaten to terminate insubordinate heads of the departments. Considering these major roles, the president has the ability to promote his agenda depending on how effectively he exercises these powers. President Johnson succeeded in passing the tax bill because he demonstrated that he could perform the presidential duties and exhibit presidential leadership better than President Kennedy.

This conjecture explains the difference between success and failure because President Johnson successfully utilized his leadership skills and the duties of the president to manipulate members of Congress to vote in his favor. President Johnson gained enough support in both chambers in order to get the tax bill passed in a more efficient manner than President Kennedy. However, this conjecture does assume that better leaders produce quicker results. If this conjecture holds true in explaining the difference in success and failure, researchers should likely find the following pieces of evidence:

1. President Johnson having more previous experience in Congress than President Kennedy.
2. President Johnson holding more previous positions of leadership in Congress than President Kennedy.
3. President Johnson’s ability to convince members of Congress to follow his agenda successfully.

4. President Johnson bargaining with members of Congress by promising a smaller budget in return for their affirmative votes on the tax bill.

First, evidence can clearly show that President Johnson had a higher length of tenure in Congress than President Kennedy. This information can help to explain the difference in leadership the two presidents exhibited. Both Johnson and Kennedy began their elected political careers in the United States House of Representatives. President Johnson served five full terms in the House from 1937 to 1948, or eleven years. President Kennedy served in the House for only three terms from 1947 to 1953, only six years, almost half the time of Johnson’s tenure in the House. Clearly, President Johnson had a longer tenure in office of a period about two times longer in the House of Representatives than President Kennedy.

Both Presidents Kennedy and Johnson served in the United States Senate before their election in 1960 as President and Vice-President respectively. President Johnson served in the Senate from 1949 to 1961, twelve years or two terms. In 1961, Johnson began serving as Vice President, further extending his career in the United States Senate as he fulfilled his constitutional obligation as President of the Senate for roughly three years. This would mean that Johnson spent roughly fifteen years in the United States Senate. President Kennedy served in the Senate from 1953 to 1960, only approximately seven years, not even two full terms. President Johnson once again spent about twice the amount of time in the Senate as President Kennedy.

Overall, President Johnson spent roughly twenty three years specifically in Congress, excluding his time as vice president. Adding his tenure as vice president, Johnson spent twenty six years in Congress. On the other hand, President Kennedy only spent thirteen years in Congress before his election as president. Clearly, President Johnson had the upper hand in regards to legislative experience.

Second, not only did President Johnson serve in Congress longer than President Kennedy, but Johnson also held an esteemed leadership position. While both served in the House, neither President achieved a leadership position such as speaker, committee chair, whip, caucus leader, etc. However, in the Senate, Johnson attained the minority leader position in 1953 and later to the most highly regarded position, majority leader, in 1955. President Kennedy never held a leadership position in the Senate. In fact, Johnson would have led Kennedy as majority leader. Arguably the most important leadership position in the Senate, the majority leader sets the

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Senate schedule, plans the order of business for the Senate floor, and has a procedural advantage of right of first recognition. In other words, the presiding officer recognizes the majority leader to speak or to offer motions before recognizing any other senator. Lyndon Johnson justifiably served as the first aggressive majority leader in modern history. His election by the Democrats to the majority leader position played out of the party’s strategic handbook. In having a Southern Democrat as the leader of the party, the Democrats felt that he could light fire under other Southern Democrats’ feet to support civil rights, the same reason that Kennedy selected Johnson as his running mate in 1960.\(^2^3\)

Having served as the scheduler and policy setter of the entire Senate, it seems plausible that Johnson had the experience necessary to serve as the chief legislator, party leader, and chief executive. Considering that he already served as the leader of the party in the Senate, and then later fulfilled his constitutional duties as President of the Senate, it seems plausible that senators simply could have been accustomed to following President Johnson’s lead. This assumes, of course, that Senators would continue to follow Johnson after he left the Senate. One might argue, though, that leading the Senate does not necessarily mean the he can as easily lead the entire nation. However, considering his extensive time in Congress and the leadership positions he held while in the Senate, no one can dispute that President Johnson had the experience knowledge of Congress, the legislative process, and how to best utilize the process to achieve his policy goals, this assumes that if someone has legislative leadership experience, then he can better exercise executive leadership skills. However, this experience had to have played a major role in President Johnson’s ability to pass the Revenue Act of 1964.

Third, evidence of a phone call between members of Congress and President Johnson, in an attempt to exert his ability to manipulate legislators, can provide evidence to support Johnson’s better leadership capabilities as compared to President Kennedy. On January 23, 1964, during the time the Senate Finance committee deliberated HR 8363, President Johnson called Senator Abe Ribicoff (D-CT). In the phone conversation, Johnson pressured Ribicoff to vote against amendments to excise taxes in the Senate Finance Committee. President Johnson then reminded Senator Ribicoff of how he, as majority leader, helped the senator receive his seat in the prestigious committee. A clear example of how Johnson could easily manipulate members of Congress in an attempt to receive their support on his legislative priorities.\(^2^4\)

In deep contrast, President Kennedy addressed members of Congress less directly than President Johnson. Typical of Kennedy, in a phone call with a member of Congress, Kennedy would argue his side, and then allow his opponent to argue the other. Kennedy would end the conversation without directly asking the member of Congress to support the tax cut proposal. Kennedy nowhere near compared Johnson’s ability to simply call his opponent in Congress. Johnson would present his case, then directly order the member of Congress to follow his policy goals. Considering these political compromises, this evidence supports the conjecture that Johnson used better leadership skills and utilized his presidential roles more thoroughly and effectively than Kennedy.

\(^{24}\) Telephone Conversation, President Johnson to Senator Ribicoff, 01/23/1964, (13:14), Tapes and Transcripts, LBJ Library.
Fourth, the budget proved significant in attempts to pass the tax cut. In a recording from August 9, 1962, President Kennedy discussed reducing the budget to gain the support for the tax bill with the House Ways and Means Chairman Wilbur Mills (D-AR). Treasury Secretary Douglas Dillon and Chairman of the Council of Economic Advisors Walter Heller also participated in the conversation with President Kennedy. Heller advised the president to put pressure on each executive department to cut costs by five or six percent. President Kennedy argued that departments would not listen to these requests. He worried about the possibility that one department could see another department spending with the same amount of funding as they year prior and the other department would conclude that it could do the same.25 In contrast, President Johnson aggressively demanded that each secretary in his cabinet find ways to cut their operating budgets. During debate on HR 8363 in Congress, Johnson conducted phone conversations from December 4-9, 1963 with Secretary of Labor Willard Wirtz26, Secretary of State Dean Rusk27, Secretary of Commerce Luther Hodges28, and Secretary of Defense Robert McNamara.29

The evidence strongly supports the conjecture that President Johnson exerted greater leadership than President Kennedy. As the evidence shows, President Kennedy refused to exert pressure on his department heads to cut their department budgets. However, based on the telephone conversations, President Johnson did manage to use his role as chief executive affectively in demanding that each department head cut his/her budget in order to slim the federal budget and provide justification for the tax cut. Judging from this evidence, President Johnson exercised greater leadership than President Kennedy, thus supporting this conjecture.

Kennedy’s Advancement in the Legislative Process

The second conjecture considers the difference in success and failure because it focuses on President Kennedy having already gone through several months of tedious legislative process and debate before President Johnson took over. This conjecture follows the common logic that the United States Congress spends a lot of time debating bills. In particular, it follows the logic that the Founding Fathers intentionally designed the Senate as a slow-moving body to prevent sudden, fast-moving change, typical of the American public and the House of Representatives. Members of Congress have to refer a bill to committee, debate and pass the bill in committee, pass the bill in the House and Senate, debate the bill more in the conference committee to settle differences between the two chambers, and then the bill has to pass a final time in both chambers. This conjecture recognizes that the longer debate on a particular bill, the likelihood that the bill will ultimately pass. President Kennedy had ten months to complete the legislative

26 Telephone Conversation, President Johnson to Secretary Wirtz, 12/06/1963, (8:52), Tapes and Transcripts, Lyndon B. Johnson Presidential Library
27 Telephone Conversation, President Johnson to Secretary Rusk, 12/10/1963, (12:15), Tapes and Transcripts, Lyndon B. Johnson Presidential Library
28 Telephone Conversation, President Johnson to Secretary Hodges, 12/04/1963, (9:35), Tapes and Transcripts, Lyndon B. Johnson Presidential Library
29 Telephone Conversation, President Johnson to Secretary McNamara, 12/07/1963, (17:03), Tapes and Transcripts, Lyndon B. Johnson Presidential Library
process. Had he lived past November 22\textsuperscript{nd}, 1963, Kennedy potentially could have seen the bill pass through Congress around the same time President Johnson did.

One could rightly assume that President Johnson, fortunate enough to have a predecessor who took the necessary legislative steps, simply stood on the coattail of President Kennedy. In spite of his contributions to HR 8363, the possibility stands that President Kennedy had already done the necessary requirements to pass the bill to ensure eventual passage. However, only speculation can prove whether President Kennedy could have successfully passed the bill. This conjecture describes the following difference: President Johnson took over at the ten month mark in the legislative process whereas President Kennedy had to start the bill at the very beginning of the process.

This conjecture helps to explain the difference in time between President Kennedy and President Johnson on the Revenue Act of 1964 because it takes into consideration how President Johnson had the fortunate opportunity to have the bill already in its tenth month in Congress unlike President Kennedy, who had to campaign the bill from the very beginning of the legislative process. If one acknowledges this, one can conclude that President Johnson simply stood on the coattail of President Kennedy and passed the bill in a more time efficient manner because President Kennedy had already done the necessary legislative steps. To collect evidence to support this conjecture, one must consider hypothetical conclusions to assume that no other factors other than time would benefit President Johnson in passing the bill. If President Johnson advanced in the legislative process because of President Kennedy’s earlier contributions, then one should likely find the following pieces of evidence to support this claim:

1. President Kennedy taking the necessary steps in the legislative process to pass the bill.
2. Other presidents taking more time to pass similar pieces of legislation.

President Kennedy had made significant progress on the bill in the House of Representatives. He did live to see HR 8363 pass the House on September 25, 1963. Judging by this fact, President Kennedy did take the necessary steps of the legislative process to pass the bill in the House. President Kennedy managed to see the bill through the committee stage and in deliberation on the House floor. President Johnson did not necessarily have to concern himself with passing the bill in the House because his predecessor had already done so. President Johnson only had to concern himself with the House passing the conference committee report on the bill. Judging that the House had already passed the tax cut once, the likelihood existed that the House would pass the bill again.\textsuperscript{30}

The House spent a long of time debating the possible tax reforms that the bill would provide. In addition, characteristic of the legislative process, interest groups lobbied for their preferred tax reform since they had something to gain or lose from the proposed tax cut. The interest groups determinedly lobbied members of Congress on their preferred distributive policies of the cut. After letting their opinions known, the controversy obviously stemmed from

a class conflict between labor and business. In other words, the interest groups had serious concerns over the distribution of the tax cut among the rich and poor in America. Wealthy individuals and business owners preferred a bigger piece of the tax cuts to increase investment. Individuals in lower income brackets wanted more tax cuts to consume more. Those lobbying for the wealthier Americans clearly operated under the assumption that wealthier individuals have more disposable income, thus the wealthier individuals invest more into the economy than poorer individuals. Interest groups for businesses and wealthy Americans argued that decreasing taxes for the wealthy would generate more disposable income. The disposable income could then increase more investment. Furthermore, they argued that the increased investment would help sustain economic growth and prevent the potential of another recession.\textsuperscript{31}

On the other side of the debate, labor unions argued against tax cuts for the wealthy and instead urged members of Congress to support low end tax cuts to increase consumption. They argued that tax cuts for the lower working class would increase consumption because more individuals would have the money to spend in the market since these individuals less likely invest or save their money. Following this logic, they argued that if consumption in the market increased, then it could potentially cut down the unemployment rate because demand would increase on goods and services, thus more companies would have the necessary capital to hire more laborers.\textsuperscript{32}

In addition, President Kennedy stressed the necessity of tax reform before instituting a tax cut. When the economy appeared lethargic, many desired the administration to scrap the plan for reform and accelerate the enactment of an economy-stimulating tax cut. The House Ways and Means Committee spent two months receiving testimony on the proposed reforms. It then devoted an additional five months preparing the complex language for the structural revisions implementation. A lot of the time spent involved the influence of lobbyists and special interest groups, such as labor unions and corporations, as they discussed which proposals the bill should have. Coincidentally, the lobbyists’ and special interest group’s influence in the House had already concluded and the bill had gone through the chamber by the start of the Johnson Administration.\textsuperscript{33}

Looking at the Senate, President Kennedy did make significant strides in the legislative process. By the time he died in November, Kennedy had completed the process of referring the bill to the Senate Finance Committee. After he died, the bill remained in committee, where Johnson then took over the legislative process. Unlike in the House, President Kennedy did not make substantial progress in passing the bill in the committee stage nor on the Senate floor.\textsuperscript{34}

The evidence from the House somewhat supports the conjecture that President Johnson simply stood on the coattail of President Kennedy’s accomplishments in the legislative process. Given that Kennedy managed to see the bill passed in the House provides some evidence that Johnson simply had less work to do in the legislative process. However, this evidence assumes that each step of the legislative process the same. Although significant, passing a bill in the


\textsuperscript{32} Ibid.

\textsuperscript{33} Ibid.

\textsuperscript{34} Ibid.
House proves not as difficult a task as passing the bill in the Senate. The Senate, known for being the deliberative body of Congress, has certain rules and procedures that keep it from moving as quickly as the House. The Founding Fathers intended for the Senate to perform such way. James Madison wrote in his Notes of Debates in the Federal Convention of 1787 that the “use of the Senate is to consist in its proceedings with more coolness, with more system and with more wisdom, than the popular branch.” In a conversation between George Washington and Thomas Jefferson, Jefferson asked of the importance of the Senate. Washington asked Jefferson why he poured his tea into his saucer. Jefferson replied, “To cool it.” Washington responded “even so we pour legislation into the senatorial saucer to cool it.” In other words, the Senate’s rules and procedures keep it from moving quickly to prevent the subjection of fast, sudden popular change and movements. Although quite an accomplishment for Kennedy to pass the bill in the House, the bill’s progress in the Senate would have proven a more difficult task for Johnson.

To consider the validity of the conjecture that President Johnson simply stood on the coattail of President Kennedy’s accomplishments in the legislative process, one would need to compare the amount of time Kennedy spent on passing the bill in House to other presidents in passing similar pieces of legislation. For comparisons sake, look to the tax cut proposals of President Ronald Reagan and President George W. Bush. President Reagan took only six months to pass his tax proposals, four months less than Kennedy took just in the House alone. On February 18, 1981, President Reagan proposed his tax cut bill to Congress and on August 13, 1981, he signed the bill into law. President Bush took three and a half months to pass his tax cut, six and half months less time than Kennedy in the House. President Bush proposed the tax cut to Congress on February 27, 2001 and signed the bill into law on June 7, 2001.

Comparing the time the presidents took does not fully support whether President Kennedy proved ineffective at quickly passing HR 8363 in Congress because it does not take into account which party holds the majority. For Kennedy, the odds would have been in his favor because his party, the Democratic Party, held the majority in both houses of Congress. His circumstances resemble President Bush’s, when his Republican Party held the majority in both Houses upon passing his tax cut. President Kennedy should have been able to pass HR 8363 in the same amount of time as President Bush considering both presidents had a Congress in their favor.

However, this assumes that members of Congress have the same ideologies as the president. Comparing a head count of Senate Finance Committee members, which wager whether the bill would pass in committee or not and taking into the account the members’ ideologies, Kennedy should have passed the bill in the Senate Finance Committee quickly because the members of the Finance Committee supported the idea of the tax cut. The chart below shows the findings of the head count and the ideologies of the members of the Senate

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36 Ibid.


Finance Committee. All the points to the left of the y-axis demonstrate members with liberal ideologies (or leftist ideologies). All points to the right of the y-axis demonstrate members with conservative ideologies. Diamond-shaped points demonstrate that the member supported the tax cut proposal. Square-shaped points demonstrate that the member would not oppose the tax cut. The triangle-shaped point demonstrates Senator Wallace Bennett’s (R-UT) inability to answer whether or not he supported the legislation. The X represents President Johnson’s ideology. The star-shaped point represents Kennedy’s ideology. 39

Considering the above chart, Kennedy should have been able to pass the bill in the Senate quickly because more members of the committee supported the legislation than opposed. Only one member ideologically close to Kennedy did not support the legislation. This assumes, though, that the full Senate would show similar data as that above. However, with the similarities between Presidents Reagan and Bush, it seems that President Kennedy could have passed the bill in less time. Reflecting on this discrepancy, if President Reagan and President Bush could pass similar pieces of legislation in less time than President Kennedy, and President Johnson could pass the same legislation in only three months, some other factor must explain President Kennedy’s failure. Based on this evidence, the conjecture of President Kennedy’s advancement in the legislative process fails to adequately answer the research question.

Increased National Morale and Strives to Pass Kennedy’s Goals Following his Assassination

The third conjecture considers the difference between success and failure on an emotional level because it considers the possibility that members of Congress showed more willingness to pass Kennedy’s platform and policy goals in an effort to memorialize his death, thus President Johnson had the ability to more easily convince Congress to pass the bill. This conjecture focuses on how in history, Americans have quickly changed opinions and attitudes following the aftermath of a travesty. Following this logic, one could reasonably argue that President Johnson simply utilized the Kennedy assassination to his advantage in passing the tax cut in a way to honor the late president.

39 Memo: Joseph Barr to Claude Desautels, H.R. 8363 – Administration Tax Bill, p 1., LBJ Library.
On November 22, 1963, Lee Harvey Oswald assassinated President John F. Kennedy in Dallas, Texas. The news of this event shocked the country and the world as men and women wept openly, people stopped in department stores to watch the events on television, and schools dismissed early. Such as the aftermaths of the events at Pearl Harbor and on September 11th, Americans stood collectively in wanting justice for Kennedy’s death. Also, the American people wanted to honor the late president by passing his policy initiatives. One such policy initiative, the tax cut, currently awaited passage by the members of the Senate Finance Committee, the full Senate, the conference committee, and then both houses of Congress. Enough time remained for the members of Congress to come together and pass one of Kennedy’s last proposals.

Following this logic, one would have to assume that members of Congress would disregard their personal political ideologies and viewpoints in order to honor the late president’s death through the tax legislation. Regardless of this, to support this conjecture, evidence would have to find the following to reasonably explain the difference in success and failure between Johnson and Kennedy:

1. Passage of other Kennedy policy platforms.
2. Similarities in Congress following other national travesties.
3. Relatively low approval ratings for Kennedy prior to his death and relatively high approval ratings for Johnson after the assassination.

First, to conclude that Congress simply passed the tax cut in order to honor Kennedy, one would have to prove that Congress passed other Kennedy policy proposals. Civil rights legislation proves a great example. Kennedy tirelessly championed for civil rights legislation in his first term in office. In 1960, the Democratic Party adopted a platform that contained the most far-reaching pledges for legislative and executive civil rights ever made. However, a problem with Southern Democrats prevented passing milestone civil rights legislation during the Kennedy Administration. The only civil rights legislation the Kennedy Administration passed only extended the Civil Rights Commission for an additional two years. Other civil rights proposals received no White House support because the Senate offered them as amendments to various bills only to curb filibusters. Kennedy tried dutifully to promote racial equality. In fact, Kennedy strategically selected Johnson, a Texan, as his running mate in the 1960 Election to help win support from Southern Democrats.40

After Kennedy’s death and into the Johnson administration, the first major pieces of civil rights legislation passed in 1964 and 1968. In fact, the Civil Rights Act of 1964 passed during what would have been President Kennedy’s last year of his first term. Prior to the 1968 bill’s passage, President Johnson delivered remarks to Congress in which he stated that “an ideal America…would not need to seek new laws guaranteeing the rights of citizens” and the political process could protect those rights.41 Under the Johnson administration, the civil rights bills opened all public accommodations to all American regardless of race, color, religion or national origin, ended legal discrimination in employment on the basis of race or sex, and established the

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Equal Employment Opportunity Commission to enforce the law.\textsuperscript{42} However, making the argument that the Civil Rights bills passed in a way to honor Kennedy’s legacy assumes that one, Kennedy could have passed civil rights legislation, and two that civil rights legislation could not have passed had Kennedy not died.

Second, to support the conjecture that Congress may have acted more swiftly to pass the tax cut to honor Kennedy, a researcher needs to investigate whether or not Congress has performed similarly after other tragic events in the nation’s history. In modern American history, in addition to the Kennedy assassination, no two events have altered American public perception with such magnitude as the attacks on Pearl Harbor on December 7, 1941 and the attacks on the World Trade Center, the Pentagon, and in Pennsylvania on September 11, 2001. Prior to December 7, 1941, questions arose whether or not the United States would involve itself in World War II efforts, but Congress did not officially declare war. Following the attacks, President Franklin Roosevelt addressed Congress and asked for a Declaration of War with Japan, officially entering the United States into World War II. The Senate and House of Representatives approved a war declaration with Japan, Italy, and Germany unanimously, with only one representative voting against it.\textsuperscript{43} Likewise, prior to the September 11\textsuperscript{th} attacks, the United States did not have any intentions on launching a war in Afghanistan or Iraq. Following the September 11\textsuperscript{th} attacks, when al Qaeda terrorists killed thousands of innocent civilian and military lives, President Bush urged Congress for funding of a war in Afghanistan and later Iraq for the purposes of defeating terrorist organizations and building two democratic nations in the Middle East.\textsuperscript{44}

As these two events portrayed, Congress rallied together after devastating events in an effort of retribution, like Congress acted after the assassination of President Kennedy. However, the Kennedy assassination does not quite match the magnitude of the attacks on Pearl Harbor and September 11\textsuperscript{th}. For one, the two attacks affected more than one individual. Second, the two attacks led Congress to declare or fund war, whereas the Kennedy assassination did not. Suggesting that Congress passed the tax cut in an effort to fulfill his policy standpoints does not match the other two events, where Congress acted in an effort of vengeance. The possibility that certain members of Congress voted in favor of HR 8363 and helped to move the bill more quickly under Johnson would not necessarily suggest that the bill would not have passed had Kennedy not died, nor does it necessarily mean that members of Congress did so in an effort of honoring Kennedy and his legacy.

Third, presidential approval ratings can serve as a good indicator in deciphering whether or not Kennedy’s death acted as a contributing factor in how quickly Johnson passed HR 8363. The graph below shows the approval and disapproval ratings of Presidents Kennedy and Johnson from November 8, 1963 to March 5, 1964. The y-axis represents the percentage of respondents and the x-axis represents the date of the poll. The blue line represents the approval rating and the red line represents the disapproval rating.

\textsuperscript{43} Franklin Roosevelt Presidential Library, \textit{December 8, 1941: Roosevelt Asks Congress for a Declaration of War for Germany, Japan}, http://docs.fdrlibrary.marist.edu/tmirhdee.html
\textsuperscript{44} George W. Bush, State of the Union Address, 01/29/2002, http://stateoftheunionaddress.org/2002-george-w-bush
According to Gallup Polls conducted on November 8, 1963 to November 13, 1963, a little more than a week before the assassination of President Kennedy, 58% of respondents approved of the president’s job performance, while 30% disapproved. The next poll conducted by Gallup occurred between December 5, 1963 and December 10, 1963 and found that 78% of respondents approved and only 2% disapproved. Following polls conducted by Gallup released similar ratings. The poll conducted between February 28, 1964 and March 5, 1964, after President Johnson signed the Revenue Act of 1964 on February 26, 1964, had an approval rating of 80% and a disapproval rating of 9%.45

Although relatively high compared to other presidential approval ratings, President Kennedy’s last approval rating of 58% does not quite compare to President Johnson’s first approval rating of 78%. This shows that a rallying effect around the president occurred following Kennedy’s death and the beginning of Johnson’s Administration. Judging from these data, it would seem reasonable to assume that Congress could have had more willingness to pass Kennedy’s tax bill because the strength of the presidential approval numbers. This assumes, though, that members of Congress pay attention to such polls and that they avoided their previous political opinions on the bill simply because of the high poll numbers of the new president. Some other reason has to exist to explain the difference in success and failure other than a rallying effect in Congress following President Kennedy’s death.

**Improved National Economy**

The fourth conjecture considers the difference between success and failure because it looks to how the economy began to demonstrate signs of improvement during the end of the Kennedy Administration and continued to improve during the beginning of the Johnson Administration. Because the economy began improving, Kennedy could not get members of Congress to pass emergency tax reduction quickly because members of Congress saw no

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45 Roper Center, Public Opinion Archives, http://webapps.ropercenter.uconn.edu/CFIDE/roper/presidential/webroot/presidential_rating_search.cfm#.Tt0zu2NCrqE
pressing need to pass economic stimulus. In addition, Kennedy had to adjust his strategy plans from highlighting the need for emergency tax reduction to tax reduction in conjunction with tax reform. Considering that Johnson had an improved economy while he pushed for passage of the bill, he did not need to alter his strategies to compensate for the economy. This conjecture operates under the fiscal logic that an economic crisis leads to emergency tax reduction without tax reform debate. To clarify, President Johnson succeeded and President Kennedy failed because the economy began improving which caused Kennedy to alter his strategy plans.

This conjecture helps to explain the difference in time between Kennedy and Johnson because Kennedy encountered delays when adjusting his legislative strategy. Kennedy had initially argued for emergency tax reduction to improve the sluggish economy. However, after the economy began improving on its own, Kennedy instead began arguing for tax reduction and tax reform to compensate for the improving economy. Kennedy needed to obtain support for his new legislative strategy and later needed to find a consensus on his proposed reforms. On the other hand, President Johnson started the process after Kennedy had already altered the legislative agenda on the bill. This conjecture reasonably explains the difference between Kennedy and Johnson because the recovering economy weakened the argument for emergency tax reductions. Members of Congress began to take more time debating the tax reforms and delaying the progress of the bill because no need for emergency tax reform existed. If these delays reflect the difference between Kennedy’s failure and Johnson’s success, then researchers should find evidence of:

1. An improving economy during debate on the bill.
2. A recession to justify an emergency tax cut.
3. Members of Congress opposing emergency tax cuts during a period of economic recovery.
4. President Kennedy altering his strategy from emergency tax reduction to tax reform.

First, the economy did begin to improve during the third and fourth quarters of 1963, during the time Congress debated the tax bill. The below graph illustrates this point. The y-axis represents the GDP in billions of dollars and the x-axis represents the year. The GDP continues to improve during this time, thus the economy has improved as well. This evidence strongly supports the conjecture that an improving economy delayed Kennedy’s attempts to pass the tax cut because it shows that the improved economic conditions undermined the theory of the necessity of an emergency tax cut because no imminent recession existed. Consequently, members of Congress did not deem a tax cut necessary if the economy showed improvement causing Kennedy to encounter delays in the bill’s passage.

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46 Federal Reserve Bank of St. Louis, Office of Economic Research, http://research.stlouisfed.org/fred2/graph/?id=GDP,
Second, in a recording dated November 16, 1963 between Treasury Secretary Douglas Dillon, Economic Advisor Walter Heller, and Treasury Undersecretary Henry Fowler in which they inform the president that a recession would help the progress of passing the tax cut. His advisors further inform him that as the economy continues to show signs of improvement, the case for a tax cut diminishes. This evidence strongly supports this conjecture because Kennedy’s economic advisors recognize that a recession would justify the argument of passing emergency tax reductions in an effort to improve the economy. Because the economy improved and the nonexistence of a recession threat, Kennedy had to wait as members of Congress took time considering reforms and making political compromises. On the other hand, President Johnson did not have to deal with the debate of emergency tax cuts because the economy reflected improvement. Instead, Johnson could focus on passing the tax cut and tax reform without the distraction of emergency cuts or strategy changes.

Third, in the same recording, one advisor informs President Kennedy of a conversation he had with Wilbur Mills, the chairman of the House Ways and Means Committee. The advisor claimed that Mills opposed emergency tax reduction because the economy began to improve. In addition, the advisor informs the president that Mills preferred to take his time to consider tax reform in conjunction with the tax reduction. This evidence supports this conjecture because it shows that President Johnson did not have to wait for members of Congress to debate whether to include both tax reform with tax reduction. Since Kennedy had to first decide whether to push for tax reform and had to wait for members of Congress to debate the reforms, he had to deal with a longer legislative process.

Fourth, in a meeting recording from August 10, 1962, President Kennedy details that he originally intended tax reduction and tax reform as two separate bills. One of his advisors suggests that grouping the two issues into one piece of legislation would create delays. In addition, the advisor argues that the economy cannot wait for extended tax reform debate. This evidence strongly supports this conjecture because it shows that President Kennedy originally wanted to treat tax reform and tax reduction separately in an attempt to pass emergency tax cuts without reforms. President Johnson did not have to change strategies because the economy already began improving, thus he originally treated reform and reduction conjointly. This evidence strongly demonstrates how President Kennedy witnessed delays because the economy began to improve and his strategy needed to change.

Reduced Spending in the Federal Budget

The fifth conjecture focuses on the difference between success and failure because it stresses how President Johnson reduced the federal budget, something that President Kennedy did not do. The Budget and Accounting Act of 1921 granted the president the power to present a budget to Congress for their approval or alterations. This conjecture follows the common fiscal logic that having less government spending in the budget would help to justify a tax reduction in the minds of members of Congress. President Kennedy had to consider a tradeoff between more government spending and improved economic conditions. If Kennedy wanted to improve the economy through the tax cut, he would have to show willingness to cut the federal budget to compensate for the decreased revenue. Kennedy had to balance the economic interests of the country on one hand and government spending on the other. Presidents have the responsibility of deciding the amount, if any, additional government spending and how tax cuts, if any, can help the economy. Following this logic, increased government spending could potentially create jobs and help the economy. On the other hand, tax cuts have the potential of also creating jobs and improving the economy. The president has to decide which path to choose because choosing both could result in harming the country’s balance of payments.

During his first two years in office, President Kennedy increased federal spending in an effort to stimulate the economy. However, the economy continued to decline. As a result, Kennedy began to realize that a tax cut could prove beneficial to the improvement of the economy, but his actions in trying to pass the tax cut suggest his unwillingness to cut federal spending to avoid a deficit, even though many members of Congress had informed the administration that they would not support a tax cut without a cut in federal spending. President Johnson realized this dilemma and instead of continued unwillingness to trim the budget like that of his predecessor, he cut the budget to gain support for the tax bill.

The second conjecture reasonably explains this difference because President Kennedy encountered further opposition when he failed to reduce the federal budget. On the other hand, President Johnson followed fiscal discipline and reduced spending while reducing revenue. This conjecture reasonably supports the difference because members of Congress refused to support the tax cut without also cutting government spending in an effort to avoid creating a large deficit.

If this conjecture adequately explains the difference between success and failure, the researchers will likely find evidence of:

1. President Kennedy recognizing the tradeoffs between increasing the budget and gaining support for the tax bill.
2. President Johnson recognizing the tradeoffs between increasing the budget and gaining support for the tax bill.
3. Important members of Congress refusing to support the tax cut until presented with a smaller federal budget.

First, one piece of evidence suggests that President Kennedy did recognize the tradeoffs between increasing the budget and gaining support for the tax bill. In a conversation with some of his economic advisors, Kennedy discussed how the budget deficit could ruin the tax cut. Kennedy realized that fiscal conservatives would not allow him to cut taxes while simultaneously increasing government expenditure. This evidence demonstrates that Kennedy understood the relationship between the budget and the proposed tax cut. The evidence supports the conjecture that the tax bill passed because the budget’s expenditures declined. Had he reduced the budget, he would have passed the tax reduction as Johnson did.

President Johnson also acknowledged the tradeoff between increasing the budget and gaining support for the tax bill. In a conversation with Ted Sorensen, an advisor to the president, Johnson argues with Sorensen that he cannot receive passage of the tax bill without also cutting the budget, which Sorensen disagrees with. Johnson argued that the budget had to decrease to $100 billion, which would cut around $11 billion. Johnson mentions how Defense Secretary Robert McNamara can cut $2-3 billion out of the defense budget. Sorensen, who had served as a Kennedy advisor, stated that only “the unreasonable ones will find ways to vote against it anyway…if it cuts solid muscle, it is a big mistake.” Johnson, though, believed that only one option remained to pass the tax bill: cutting the budget.

This evidence clearly shows that President Johnson recognized that he had to trade increase government expenditure to receive passage on the tax bill. The evidence also demonstrates President Johnson’s success and President Kennedy’s failure because Johnson ultimately trimmed the budget and Kennedy did not. Kennedy had too ambitious of plans with the government expenditures, like forming the Peace Corps and preparing the United States for the “Space Race” with Russia. Johnson, on the other hand, showed willingness to trim the budget to receive passage on the tax reduction.

Third, if one accepts the logic that simply trimming the budget would satisfy the needs of members of Congress, then research should clearly show that members of Congress would oppose the tax cut without trimming government expenditures. The Johnson administration recorded the opposition of the Senate Finance Committee’s chairman, Senator Harry Byrd (D-VA). Johnson insiders listed in a head count that Byrd had determination in voting “against any

tax reduction bill apart from the context of a balanced budget.”

In addition, records show that Byrd wanted “to defer Senate disposition of the tax bill and probably decisive action in the Committee until the budget expenditure figures for 1965 [were] known.”

The Johnson administration had similar accounts from other members of the committee as well. Sen. Herman Talmadge (D-GA) stayed “with Chairman Byrd on procedures to expedite [and]…may also have some reservations about the forthcoming budget.”

According to one memorandum written by Henry Fowler to President Johnson, only one member of the committee, Sen. Thruston Morton (R-KY), provided unwavering support for the tax cut, but still “would probably want some assurances about expenditure levels.”

This evidence clearly shows that the Johnson administration knew of the unwillingness from members of Congress to support the tax legislation without a smaller budget. It clearly shows that the Senator Harry Byrd, the Finance Committee Chairman, would hold the bill until the availability of some assurance for a smaller budget. Given that such a prominent senator refused to support the bill without a smaller budget, this conjecture clearly explains the difference in success and failure extremely well.

CONCLUSION

This paper considers the Revenue Act of 1964. The substantive summary provided the relevant background to the bill, HR 8363. This paper researched the factors that contributed to President Lyndon B. Johnson’s success and President John F. Kennedy’s failure in passing the bill. Moreover, this paper presented conjectures as to why President Kennedy failed to pass the bill in ten months, yet President Johnson passed the bill in only three months. These conjectures included: Johnson exhibited better leadership; Kennedy had already advanced in the legislative process before Johnson took over as president; increased national morale and strives to pass Kennedy’s goals after his assassination; an improved economy; and reduced government spending in the federal budget. For each conjecture, this paper considered what type of evidence should support each. Then, the paper evaluated how the evidence supports each conjecture.

In evaluating the conjectures to see which one best describes the success of President Johnson and the failure of President Kennedy, a researcher would have to compare the explanatory worth of each conjecture. To this end, research did not produce evidence supporting the conjecture that members of Congress proved more willing to pass Kennedy’s platform proposals in an effort to honor his legacy following his death. Although when comparing the aftermath of the Kennedy assassination to other moments in American history like the attacks on Pearl Harbor and September 11th, it seems plausible that members of Congress may have participated in a rallying effect. However, considering that Pearl Harbor and September 11th led to wars and the Kennedy assassination did not, the events do not compare equally. This

51 Memo: Henry Fowler to Lyndon Johnson, Tax Bill – Individual Committee Attitudes, p 1., Legislative Background, Revenue Act of 1964, WHCF, Box 1, LBJ Library.
52 Ibid.
53 Memo: Henry Fowler to Lyndon Johnson, Tax Bill – Individual Committee Attitudes, p 2., Legislative Background, Revenue Act of 1964, WHCF, Box 1, LBJ Library.
54 Memo: Henry Fowler to Lyndon Johnson, Tax Bill – Individual Committee Attitudes, p 3., Legislative Background, Revenue Act of 1964, WHCF, Box 1, LBJ Library.
conjecture assumes that members of Congress would disregard their political opinions and possible political repercussions for supporting the tax cut simply to honor the late president.

In addition, research did not adequately support the conjecture that President Kennedy had already advanced the legislative process. Although President Kennedy did manage to pass the bill in the House, the bill still had many steps to go through in Congress. This evidence assumes that each step of the legislative process the same. Although significant, passing a bill in the House proves not as difficult a task as passing a bill in the Senate. The Senate, known as the deliberative body of Congress, has certain rules and procedures that keep it from moving at as fast a pace as the House. Although he did not have as large a task in the legislative process, President Johnson had to deal with the most difficult chamber in Congress to pass the bill, which Kennedy did not.

Research did generate some evidence to support the remaining conjectures: better leadership, improved economy, and a reduced budget. The first conjecture offers little explanatory value. Although Johnson clearly had more experience and previous leadership roles, it does not mean that Kennedy could not have passed the legislation just as easily. Considering that Presidents Ronald Reagan and George W. Bush had even less prior political experience and no previous leadership positions, both managed to pass their tax cuts in less time than Kennedy. Although the state of the economy plays a major role in justifying a tax cut, President Kennedy should have changed strategies without wasting time. He should have realized that members of Congress would not support the tax cut without less federal government expenditures. Knowing this information, failure to reduce the budget reflects a genuine obstruction to success on the part of Kennedy.

Members of Congress directly refused to support a tax cut without some reassurance of a smaller federal budget. Strategically, President Johnson presented to Congress a smaller federal budget in hopes of winning the support of members. Coincidentally, the bill suddenly moved through the Finance Committee in just two weeks after Congress had reconvened in early January. It then quickly moved through the Senate, the conference committee, and finally passed both chambers in February 1964. Therefore, of all the conjectures presented in this paper, evidence clearly shows that because President Johnson proposed a smaller federal budget to Congress, he successfully passed the bill. Since President Kennedy proved unwilling to cut government expenditures, he clearly failed at passing the bill. Had Kennedy not died, he may have eventually presented a smaller budget. Either way, success in passing the tax cut resulted from presenting a trimmed budget. Ultimately, the research this paper has provided clearly shows that fiscally responsible members of Congress would not support tax reduction without decreased government expenditures.
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