Senator PELL. Do you see any likelihood as we press forward in this project—I hope the administration does—that you will use the word "cheat" instead of "evade"?

Secretary DILLON. Well, we will be glad to think about your advice. If you think that works well, maybe we should. But we are generally rather circumspect in the words we use as a Government toward many citizens that make up our country and pay taxes.

And certainly if you falsely accuse one person of cheating, I think it might be worse than if you properly accused five.

Senator PELL. I think, as we have said, that they are both five-letter words, but "evade" has a different connotation to many people than "cheat."

On the question of depreciation and investment credit, have you given any thought at all to depreciation at will, as a method of simplifying the structure and hence not necessitating investment credit?

Secretary DILLON. What we have done in our new depreciation reform is to allow, in effect, any company to depreciate at will, provided they actually replace their machinery and equipment at that same rate.

If their record has been good in the past, they can start depreciating immediately at the faster rate they intend to use. We do not wait for 10 years to see that they have actually replaced their equipment. So we have gone a very long way in that regard.

Now, to go further, and to subsidize the replacement of machinery by allowing depreciation at a faster rate than the machinery is actually replaced—that is just a different form of subsidy for modernization. Some few countries—I think Sweden is one—do use that as the method.

We have calculated that if you use that method, it would be far more costly to the Government, to the Internal Revenue Service, than the investment credit, which we have chosen as the form of stimulation which is the least costly to the Government, and also has certain other specific advantages.

The way it has been drawn, it is especially favorable to small business; and as a result of that it has the wholehearted support of the National Small Business Association and small business throughout the country.

While we believe in generous stimulation of investment, we have wanted to do what we could to help small business, and it is very definitely helped by this bill.

Senator PELL. But the thought of depreciation at will would mean to my mind that a plant could, if it wanted, depreciate to 100 percent but not replace the machinery until some date in the future. It would mean very little policing. I was wondering if thought had been given to this approach.

Secretary DILLON. Yes. As I say, that is a form of subsidy, and no country I think goes that far. Sweden goes the nearest. I think they allow you to depreciate in 5 years, which is the fastest of any country. But they recognize that this is much more rapid than actual machinery would be used. It is the same sort of thing.