

mated tax. For taxable years beginning in 1967, 25 percent payments were required on the April and June payments. For all taxable years beginning in 1967, therefore, full current payment of estimated corporate taxes, to the extent in excess of \$100,000, will have been achieved.

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TREASURY DEPARTMENT, WASHINGTON, AUGUST 4, 1967

FIGURES ON THE RECOMMENDED CONTINUATION OF EXCISE TAXES ON AUTOMOBILES AND TELEPHONE SERVICE

The President today recommended postponements of reductions in the 7 percent manufacturer's excise tax on automobiles, and the 10 percent excise tax on telephone service, for the period covered by the temporary surcharge.

For manufacturer's excise tax on automobiles, the President recommended that:

- The scheduled drop to 2 percent on April 1, 1968 be postponed to July 1, 1969;
- The scheduled drop to 1 percent on January 1, 1969 be postponed to January 1, 1970.

For excise tax on telephone service, the President recommended:

- The scheduled drop to 1 percent on April 1, 1968 be postponed to July 1, 1969;
- The scheduled elimination, now set for January 1, 1969, be postponed until January 1, 1970.

(See also proposed language and technical explanation of proposal at p. 32.)

The CHAIRMAN. Our first witnesses will be officials of the administration. We have with us today the Secretary of the Treasury, the Honorable Henry H. Fowler; the Director of the Bureau of the Budget, the Honorable Charles L. Schultze; and the Chairman of the Council of Economic Advisers, the Honorable Gardner Ackley.

Let the Chair say at this point that it is generally recognized that members of the White House staff and the Council of Economic Advisers do not normally appear at hearings before legislative committees, but the Chair specifically requested that in this instance an exception be made so that Mr. Ackley could be with us this morning.

If it is agreeable with the committee, and in order that the administration may have the opportunity of presenting its direct case to the committee in full without interruption, I would suggest that each of the gentlemen at the witness table be permitted to present his full statement before we members of the committee ask questions. Is there objection? None is heard.

I will ask the Secretary of the Treasury to be our first witness this morning, Director Schultze our second witness, and Mr. Ackley to speak third.

Mr. Secretary, we are always pleased to have you before the committee. We regret exceedingly the circumstances that bring you here on this occasion. It is not a very popular subject matter, but we do appreciate having you, anyway. You are recognized, sir.

STATEMENT OF HON. HENRY H. FOWLER, SECRETARY OF THE
TREASURY

Secretary FOWLER. Thank you, Mr. Chairman and members of the committee. Thank you for the opportunity to appear before you in support of the fiscal program recently announced in the President's message. This program includes both tax measures to increase our revenues and action by the Congress and the executive branch to restrain,