

Assuming the President's tax program is enacted, total receipts for the administrative budget for the fiscal year 1968 are estimated at \$122.5 billion. A breakdown of this revenue estimate is attached to the statement.

The size of the deficit would depend upon the final level of expenditures. Higher expenditures affect the deficit directly, of course, but also indirectly through their impact on private incomes and thereby on Federal revenues. Were expenditures to fall in the high end of the range, for example, revenues would rise by perhaps as much as a billion dollars.

In summary, the President's proposal provides needed revenues by balanced and equitable means:

The speedup in estimated tax payments for corporations brings this sector of business into parity with unincorporated businesses.

The effect of postponing the scheduled excise tax reductions is dispersed widely over the population.

The surcharge is a temporary measure designed for relatively simple implementation and termination, which applies progressively in the same manner as our basic income tax liability, but appropriately exempts those who, because of low incomes, should not be required to shoulder this additional responsibility.

CONCLUSION

Mr. Chairman and members of the committee, in conclusion I end on a point with which I began.

Based on the hard facts we all face, the President's program for combining a tax increase with expenditure reduction to diminish the deficit and the extent of Government borrowing represents a sound, fair, and fiscally responsible choice of the alternatives open to this committee, the Congress, and the American people.

Admittedly, no one likes to pay additional taxes even for a temporary period. The President does not like to recommend an increase in taxes; the Secretary of the Treasury and his colleagues do not like to plead for an increase in taxes; we know this committee does not like to ask the House of Representatives to vote an increase in taxes.

All of us—President, administration officials, this committee, and the House—have proven alert and anxious to reduce the Federal tax burden on the American people.

We have done so, and in recent years this policy of Federal tax reduction has meant substantial savings for the American taxpayer. In 1962 the investment tax credit was passed. In 1964 the most significant reductions in personal and corporate income taxes in history were voted.

In 1965 excise taxes were removed on over 200 items. It has been my privilege to espouse all of these measures before this committee.

As a result of these reductions initiated in the Congress by this committee despite, constantly rising State and local taxes, Americans enjoy a lower tax burden than any major industrial country in Western Europe—and this includes taxes levied at all levels of government, Federal, State, and local.

Figures collected by the Organization for Economic Cooperation and Development show that as a proportion of total national produc-