

The CHAIRMAN. These things I am talking about would have to be other than merely suspensions or delays because if that was all we would do we might compound our situation in 1969 just as we have compounded it in 1968 to the extent that expenditures were delayed in 1967. It just seems to me like we are going to have to find some way to bring about reductions on the spending side to coincide and go along with increases in revenues if we are to make any impression here—

Mr. SCHULTZE. I agree, Mr. Chairman.

The CHAIRMAN (continuing). And get any acceptance by the American people of a tax increase.

Mr. SCHULTZE. I agree, Mr. Chairman. I might point out that in the effort we are going through and will be going through we are doing two kinds of things, both straight reductions and deferrals. Let me point out that, with respect to the deferrals, it does not automatically mean when you defer something you add to expenditures in the succeeding year. For example, if you defer a start of a public works project from fiscal 1968 until fiscal 1969 you reduce expenditures in both of those years, because the second year of spending on a public works project tends to be relatively large and so you move that into 1970. So we are looking both at reductions and deferrals. What happened this year is not that the deferrals in fiscal 1967 themselves are adding to 1968 expenditures, but rather that when we made up the budget in January we did not have in mind the release of those deferrals, and that is what now causes increases, not the deferrals themselves.

The CHAIRMAN. I see. Gentlemen, I want to thank you. You have been very helpful in responding to my questions.

Mr. BYRNES.

Mr. BYRNES. First, Mr. Secretary, let me ask a procedural question: Has a bill been presented to the committee as yet?

Secretary FOWLER. Mr. Byrnes, I don't think the bill has been presented to the committee, but our staff has been engaged in preparation of one and would have it available for the committee whenever it is your wish.

Mr. BYRNES. The primary reason I ask is that not only are we confronted with a decision on increasing taxes, but also what form any proposal will take. We have sent out invitations to public witnesses to appear beginning next Monday. They will find it difficult to talk about particular details if a bill is unavailable, and we may be deprived of their views on technical problems that may be involved.

Secretary FOWLER. Mr. Byrnes, I will be glad to submit a bill with the technical explanation for the record at any time that you would like to have it.

The CHAIRMAN. Any time you are ready, Mr. Secretary. I think today or tomorrow will be fine.

Secretary FOWLER. I tried to cover in my statement the broad outline of the nature of the bill, but you do need the bill.

Mr. BYRNES. In broad outline it is a proposal for a tax increase. Due to the time the committee will devote to the technical aspects and the complications that develop, the bill should be made public if we are to have the views of all interested individuals before we get into executive sessions.

Secretary FOWLER. Yes, indeed.