

prices show an increase of 3.7 percent from second quarter to second quarter, and that is after taxes.

Mr. ULLMAN. Getting back to this table, Mr. Secretary, the other thing that we are going to have to be able to demonstrate to the people is that they are actually paying less taxes. You should have an additional column at the end which indicates the adjusted amount of decrease in taxes between 1963 and now after taking into consideration your tax proposals.

Let's get down this chart very quickly and compute that additional column because I think it is quite important. I want to know about the person who has a \$3,000 income. Let's take the married couple with two dependents, which, I think, is an average American family.

With a \$3,000 income how much less taxes will he be paying after this tax increase that you are proposing than he was in 1963? Let's do that with each one of these columns. How much less will this family with a \$3,000 income be paying after the increase than they were in 1963?

Secretary FOWLER. Well, with the \$3,000 income he would be paying \$65 in 1963 and \$4 now.

Mr. ULLMAN. There is an actual—

Secretary FOWLER. Decline.

Mr. ULLMAN. The difference is \$60 to \$61.

Secretary FOWLER. \$61.

Mr. ULLMAN. After the tax increase he will still be paying \$61 less than he was in 1963. All right for \$5,000 income. How much less is it?

Secretary FOWLER. \$130 less because there is no effect of the surcharge to be calculated in those first two categories.

Mr. ULLMAN. So the person making \$5,000 will not have a tax increase under this proposal and will, in effect, be paying \$130 less on the same income than he was in 1963?

Secretary FOWLER. That is correct.

Mr. ULLMAN. Let's go to the \$7,500 column. How much less?

Secretary FOWLER. Mr. Schultze has been doing some calculating here. Let him give you the figure.

Mr. SCHULTZE. Let me run these down for you. I hope my arithmetic was correct. I did it in a hurry. The \$7,500 man will end up paying \$122 less. The \$10,000 man will be paying \$147 less. The \$12,500 man will be paying \$177 less. The \$15,000 man will be paying \$218 less. The \$20,000 taxpayer will be paying \$324 less. The \$25,000 man will be paying \$465 less, and the \$35,000 taxpayer will be paying \$755 less than he was paying in 1963.

Mr. ULLMAN. After a tax increase of 10-percent surcharge taxpayers will still be paying those amounts less in each category than in 1963?

Mr. SCHULTZE. Yes.

Mr. ULLMAN. This is a very important thing to get across to the people who are being taxed because as of right now I see no favorable sentiment whatsoever among the American people, but a great deal of misunderstanding because they think that their Federal taxes are higher and this is an additional increase.

I am taking too much time and I am going to hurry with just a few questions.

Mr. Director, what will be the increased receipts, on an annual basis, from your proposal? You have told us \$7.4 billion, but this is not