

Mr. ULLMAN. We are talking close to \$11 billion. Leave the excises out and give me the 10 percent and the acceleration because the excise is not a new tax.

Secretary FOWLER. It is just the maintenance at present rates.

Mr. ULLMAN. Give me the figure for fiscal 1969 with respect just to acceleration and the surcharge.

Secretary FOWLER. I have given you the best I have on the surcharge. The acceleration drops down from \$800 million to \$400 million in fiscal 1969.

Mr. ULLMAN. So, in effect, we are just above \$9 billion in actual collections.

Secretary FOWLER. That is right.

Mr. ULLMAN. Mr. Secretary, looking at the economy, and I have registered my concern to you about it as well as the tax package, you indicate that you want the corporate and the individual rate increase to be the same.

You have indicated, however, in your tax package some difference because you have imposed a different date on each one of them. You certainly must recognize that there are some dangers in corporate expansion or you wouldn't have made that part retroactive to July and put at later date on the individual tax.

Secretary FOWLER. No; I think that the application of the retroactive principle to corporate taxes is more compatible with practice and with the administration of the tax. There has been a general expectancy I think on the part of corporations that there would be a surcharge. As far as the administration and collection of the tax as of July 1 with corporations, I don't believe it would impose any undue hardship, whereas with the individual I think it has not been customary in the past and not a welcome suggestion to impose a retroactive tax.

Mr. ULLMAN. Mr. Secretary, I want to get your expression of opinion with respect to the general monetary policy that must be followed even with the tax increase.

Would you not say that even assuming a 10-percent tax increase, that we must maintain a continuing policy of monetary ease, at least at the levels that we have today, if we are to keep the economy in balance and keep from having another financial crisis of the kind we had last September?

Secretary FOWLER. Mr. Ullman, I have tried to indicate in my statement that one of the primary reasons in my judgment for the surcharge proposal, and for the efforts to hold down expenditures and reduce them, is to enable the Federal Reserve System to follow the policy of monetary ease it has been following since last fall.

I think that that is an important objective for us to seek and to achieve. It is one of the primary reasons I think it is important for the Congress and the administration through the taxing arm, and the Congress and the administration on the other side of fiscal policy, the expenditure side, to create and maintain a situation in which the Federal Reserve System can do its job properly and, consistent with its responsibilities, carry forward a policy of monetary ease.

Mr. ULLMAN. You are concerned about the trend toward higher and higher interest rates, are you not?