Mr. SCHULTZE. May I make one comment on that, Mrs. Griffiths?

It is not a very fancy analogy, but in a colloquy with Mr. Curtis earlier this morning, I pointed out that when a doctor is treating a patient, whether the patient has a chill or fever, he still has the same objective, which is restoring his health. You treat a chill and you treat a fever differently. In 1964, when the economy had a chill, it was true that tax reductions on top of an economy with a high unemployment rate, with very low pressure or no pressures, as a matter of fact, in the labor market, could generate activity sufficient so that you built up a tax base to get you more revenues than you started with.

Right now the problem is not a chill, but a fever. One measure of that fever, and, I admit, only one, is the fact that without the combined expenditure and tax program of the President, on a national income accounts basis, you would be running a deficit of something in the neighborhood of $15 to $18 billion on top of an economy which is already in the neighborhood of full employment.

That is almost bound to generate a fever, even though nobody can predict precisely what parts of the body the fever might affect most. So I think it is perfectly legitimate to say that the same economics which told you when the economy had a chill you needed a tax cut would now say you need a tax increase.

The only way, the only possible way, in which a no-tax-increase situation could bring you more revenues would be one in which at this stage of the game you started to get inflationary increases in income, and that certainly we do not want.

I would say it is no more difficult to explain about treating the economy with different medicine when the ills are different than it is the human body. A good doctor does not necessarily give the same pill, no matter what kind of situation the patient is in.

Mrs. GRIFFITHS. We never did pay the bills with the last cut.

Secretary FOWLER. There is another part of this picture. I tried to stress yesterday that the cost of the conflict in Vietnam has now reached such a proportion—that is $22 billion or in excess of that amount—that according to the experience we have had, such a special temporary cost of war—you might put it in those blunt terms—we customarily try to defray by tax increases not dollar for dollar, not in any complete way, but pay a substantial part of the bill out of current revenues.

People will recall that in the Koeran war, individual taxes were increased not equivalent to the 10-percent surcharge but a 28-percent surcharge. Of course, the tax increases that took place in World War II are not comparable in any sense because it represented a whole fundamental change in the income tax structure. But it is, I think, a fact of fiscal life that when you have a temporary special cost that is not a permanent part of your picture, you try to defray at least a portion of that out of extra earnings if you are an individual.

In the case of a government, the customary and natural thing to do is to pay part of that cost by increasing taxes.

Now, history may prove me wrong on this, but as to this question: "Are we going to get more revenue out of this increased rate?" I think the answer is, "Sure, we are, given the economy in the State it is in today." The only time I think history will prove in our experience that an income tax increase did not yield substantially increased revenues was in the depression period when there was a tax increase in the early 1930's.