Mr. SCHULTZE. One way to look at that, Mr. Watts, is that in the Secretary's statement he says that we are assuming for the current calendar year a $625 billion personal income figure.

Now, to get $625 billion means that personal income between the first half and second half of the year has to go up about $20 billion at annual rates.

Mr. WATTS. I have to go and answer a rollcall, but I wish you would put in the record, Mr. Secretary, the percentage of gross national product for 1967 and 1966 that was paid in taxes and rationalize that with your estimate of gross national product this time and figure out what amount of taxes you would have. Will you do that, sir?

Secretary FOWLER. Yes, sir.

(The following information was received by the committee:)

There have been several legislative and administrative actions which have affected receipts in varying amounts in the three fiscal years, 1966, 1967, and 1968. To compare the three years, they must be first adjusted to a common base. Any one of the three years could be taken as the base. In the explanation which follows, the mid-year, 1967 has been used as the base and 1966 and 1968 adjusted to it.

The adjustments to achieve comparability are:

[In billions of dollars]

	Adjustments to fiscal 1967 base	
	In 1966	In 1968
1. Acceleration of corporation payments (1964 and 1966 acts)	+2.0	+4.1
2. Speed up in collections of withheld income and excise taxes (administrative)	-.6	+.3
3. Revenue act of 1964 (corporation income tax)	-.5	
4. Excise taxes (1965 and 1966 acts)	-.5	+.1
5. 1966 act (individual)	+.5	+1.0
6. Suspension and restoration of investment credit	-.3	
7. Proposed 1967 tax program		-7.4
8. Other proposed legislation (safety-beauty trust fund)		+.4
Total adjustments	+.6	-1.5

The comparison of the 3 years would then be:

[Dollar amounts in billions]

	Fiscal year		
	1966	1967	1968
1. Total administrative budget receipts	$104.7	$115.8	$122.5
2. Deduct miscellaneous receipts, primarily nontax receipts	-5.2	-6.2	-5.2
3. Total tax receipts	99.5	109.6	117.3
4. Adjustments for comparability	+0.6		+1.5
5. Tax receipts, adjusted	100.1	109.6	115.8
6. Gross national product	715.3	763.1	809.0
7. Tax receipts, adjusted as a percent of GNP	13.99	14.36	14.31

[1] Average for fiscal year 1968 with a gain of $55,000,000,000 from the 2d quarter of calendar year 1967 to 2d quarter of 1968.

The CHAIRMAN. Mr Battin.

Mr. BATTIN. Mr. Secretary, as I understood from your statement, the only reason the surcharge method was used rather than a straight percentage increase was for simplicity of administration. Is that correct?