Secretary FOWLER. No, I think there were a number of other factors that entered into it, Congressman Battin, or were alluded to. I tried in a rather generalized way to incorporate, you might say, by reference as a part of our reasoning the report of the Fiscal Subcommittee of the Joint Economic Committee last March, and there were a number of criteria or standards developed in that report for a temporary tax increase or tax reduction.

While I think simplicity is one of the factors that should be stressed, I think that there are a number of other elements. This approach minimizes the arguments that always arise and take up a great deal of time and effort as to changing the structure of the tax system. It takes the tax system as we have it and applies the surcharge with a minimum of disturbance to the existing relationships among taxpayers and, therefore, has an appeal as being fair, sensible, moderate, and temporary. In the light of that entire range of considerations in that report, we felt the surcharge approach was the right one.

Mr. BATTIN. It was easily identifiable, you say with a temporary increase.

Secretary FOWLER. That was one of the things I mentioned yesterday. I think it was in a colloquy with the chairman. It stands out on the form in such a way that it is going to be properly much more susceptable to elimination after the cost factors; that is, the cost of hostilities in Vietnam have passed.

Mr. BATTIN. I do not understand the figures you gave yesterday. I don't understand the logic that applies. Maybe you can help me out. In the 1966 fiscal year we had an administrative budget deficit of $2.3 billion.

Secretary FOWLER. That is correct.

Mr. BATTIN. Then in 1967, just ended, we had an $8 billion deficit.

Secretary FOWLER. $9.9 billion.

Mr. BATTIN. Now, in the fall of 1966, which would have been the last half of the 1967 fiscal year, is when we had the high interest and the tight money and inflation.

Secretary FOWLER. It was really characterized by tightness more in the late spring and summer, more or less terminating in September and October with the new program that came in. Actually there was a very marked reaction and the peak of interest rate movements turned down shortly after the introduction of that program, including the action of this committee last fall.

Mr. BATTIN. That was the suspension of the investment credit.

Secretary FOWLER. The investment credit suspension and the announcement of the expenditure control program and the new policing on our part of entry into the money market by Government agencies other than the Treasury.

Mr. BATTIN. Also about that time there was an announcement that there would be no further sale of participating certificates.

Secretary FOWLER. That was part of that third element of the program.

Mr. BATTIN. Now, this is where your logic breaks down. Then you are stating that without the tax there is going to be about a $29 billion deficit for this fiscal year, but with the tax somewhere between $14 and $18 billion deficit——