pared to no defense expenditures for Vietnam in fiscal 1965. We are asking, of that \$22 billion, \$7½ billion in taxes—not on top of a tax system which has been unchanged for the past 5 years, but on top of a tax system in which taxes have come down substantially. So in effect we are not even asking for taxes equivalent to the cost of Vietnam, but taxes which account for only about one-third of the cost of Vietnam—not more than but only one-third. And these taxes, in turn, would only restore something like 40 percent of tax cuts given earlier. So it is not a case, looked at in terms of the long-run fiscal strategy, of taxing fully for Vietnam and taxing on top of that for additional programs. We are asking in this case for roughly one-third of the Vietnam expenditures.

Mr. BATTIN. You might find, Mr. Director, it is like a good many things, whether it is a 1-percent tax, 10 percent or 25 percent, it is a tax.

Mr. SCHULTZE. Yes, sir; I fully agree.

Mr. BATTIN. I sometimes think that it would be better to ask for all you need to begin with because the pain and the penalty that goes along with it is just as great.

The CHAIRMAN. Mr. Gilbert.

Mr. GILBERT. You have the job and business of trying to convince the Members of Congress of the necessity of the proposed surcharge tax. We on the other hand catch a lot of flak back home from our citizens on the street. My wife is a prime example of the average citizen. She says to me, "Why do we need a tax increase? Employment is high. Unemployment is down. Business is booming. Things are relatively good."

I wonder if we could have an explanation in nontechnical terms, if possible, as to the necessity for this tax increase? How do you explain it to people?

Secretary FOWLER. I tried, perhaps ineffectively, Congressman Gilbert, in the conclusion of my statement to say that the average American must look at this tax increase not just in his role as a taxpayer but in the other roles that he has in our society.

I would think that as a consumer your wife and my wife and all of us are very concerned with price stability and they would be anxious for you and your colleagues on the committee to adopt policies that would be designed to restore the relative price stability that seemed to characterize the period from roughly 1959 through 1964 and early 1965.

I would think that many of your constituents would think of themselves primarily in terms of their jobs, jobs they hold, jobs they want to have, and perhaps many of them are too young to remember the days of boom and bust and perhaps many of them have gotten more or less used to taking for granted the fact that for the last better than six and a half years we have had a fairly constant pattern of expansion in which jobs have been created at a very, very remarkable rate and that while the economy has moved faster at some times than at others the rate of growth during that period in the job creating capacity of the economy have been quite remarkable indeed.

Therefore those that have jobs or those that are being educated and trained to seek jobs would be interested in the kind of economic policies that would assure a steady continuation of that expansion at a cruising speed rather than an excessive expansion which would be bound to be followed by something in the nature of a recession.