

I think we might also have some estimate by your office as to what such a capital gains tax might produce by way of added revenue plus some idea as to what might be gained or what is lost through the various depletion allowances or investments abroad. I think to round out the package we might also have in the record the amount of revenue we lose on the stock option device. I think it is terribly unfair to permit some taxpayers to pay taxes on their compensation at capital gains rates instead of ordinary rates like all the rest of us. I think if these things were in the record, it might pave the way and provide us with information that we ought to have in connection with this bill and with the proposal for tax reform which the President says you are working on.

Mr. SURREY. We will put these in the record to the best of our ability. (See p. 195.)

Mr. VANIK. Thank you very much.

The CHAIRMAN. Mr. Broyhill.

Mr. BROYHILL. First of all I would like to direct a parliamentary inquiry to the Chair.

In view of the fact that our opposition has proposed a surcharge, a lot of Members of the Congress are going to be retired by their constituents if they vote for this bill. My question is, Mr. Chairman, would an amendment be germane that would permit liberalization of the congressional retirement system?

The CHAIRMAN. The gentleman has stated a parliamentary inquiry, but would he permit the Chair to take this under advisement and not rule on it right now?

Mr. BROYHILL. Mr. Schultze, it seems like the Federal employees have been the whipping boy here on cutting expenditures. I will admit that I am somewhat prejudiced insofar as their welfare is concerned.

I think this is representative government. But I am wondering if we can in the final analysis actually economize as much as we think we are economizing in that particular area by not providing salary increases comparable to some of the positions in private industry.

I know that there is an increase in the cost of Government employment, but I don't think we can avoid it. I think the mere fact that we have the increase in the cost of living, that we have expanded the Government services and increased the number of employees, that within itself is causing an increased cost. I don't see how we can possibly economize by refusing to pay our employees what similar people in private industry are receiving. I don't think any business or industry could do that.

We hear that every time a proposal comes up for an increase in pay of Federal employees, a half billion dollars, billion dollars, or \$2 billion, yet we could not avoid the increase. We may have postponed it for 6 months. We may have changed the percentage one or two points. But the reason why we have to have the pay increase is because of the increase in cost of living, not because it may be politically expedient to put through a pay increase.

Mr. SCHULTZE. Mr. Broyhill, as you know, what we have done this year—by we, I mean the administration—is to submit a pay bill which, on a scheduled basis over 3 years, brings Federal employees up to so-called comparability, based on the BLS surveys of what private industry workers in equivalent occupations, and so forth, are earning.