

of the pressures on the economy. Without the tax increase that seasonally adjusted deficit would be increasing throughout this year with the tax increase it would be not only greatly lower but would be trending downward. In my statement I suggested, with the tax increase and with significant control of the growth of expenditures, that by the end of the fiscal year the deficit on national income account might be down in the order of \$3 to \$5 billion.

Mr. Bush?

Mr. BUSH. I have no questions, Mr. Chairman.

Mr. VANIK. Mr. Chairman?

The CHAIRMAN. Mr. Vanik?

Mr. VANIK. I have one other question following up the question I had of Mr. Surrey. I would like to know what the reaction of the Internal Revenue Service and your Treasury would be if there were another space on the income tax return which would simply say "other income which the taxpayer considers exempt from taxation." Now, if this were placed on the tax return it would be the kind of place for the taxpayer to report his exempt income and also to clear himself with the Internal Revenue Service. In other words, if there is any doubt in his mind he can take his exemption and put it there. That would notify the Internal Revenue Service that the taxpayers considered certain income as exempt. It would also give the Treasury and the Internal Revenue Service a very accurate way of determining the amount of income which is considered exempt.

The taxpayer would have an advantage in that it would release him from the danger of fraud for failing to disclose such income if it were a borderline issue. It seems to me it might increase revenues. It also might tell us the extent to which taxpayers are not paying income taxes on their earnings.

I have just one other point, Mr. Chairman.

Mr. CONABLE. Mr. Chairman, may I ask also, does the committee have any record of people who are going to be testifying later? Are we going to have a substantial number of people from the private sector? I must say my friends at home are saying to me that business is not as good as all that at this point. I hope we are going to have some comparison of what the business community actually thinks of the present state of our economy after which we can then consult further with administration spokesmen.

The CHAIRMAN. As the gentleman knows, the time for requests to be heard was fixed as at the close of business today. So far today I understand that we have 20 organizations and individuals who are requesting an opportunity to be heard on this matter.

Mr. CONABLE. Are they representative of among other things than the business community?

The CHAIRMAN. Yes, business, labor, other segments of the economy. But it is a limited number; 20.

Mr. CONABLE. It is always distressing, Mr. Chairman, to find how tremendously reliant we in the legislative branch are on what the executive branch wants to tell us. I think the record shows that sometimes the executive branch does not tell us everything they know. They do not misrepresent the facts; they simply do not tell us all they know. I am hoping we will have some opportunity for probing the economy beyond the specific problems that the executive branch has brought to our attention in seeking a tax increase.