

of Congress back home. I have made speeches from coast to coast in which I have said, "You have to ask your Congressman for reduced expenditures, but you have to be willing to say so even if it hurts Wisconsin, or Florida, or wherever you may be from."

So the responsibility is held by all three segments of our society.

Mr. BYRNES. I certainly agree, and it is not an easy role, but I think we know where the basic stimulation for most of these programs comes in the first instance. Of course it all gets back to the people in the final analysis. If people insist on a certain course I think normally you find the Congress responsive.

Mr. GULLANDER. It is the leadtime.

Mr. BYRNES. And the executive also responds, but I don't know that the people have shown complete willingness to do without some of the governmental benefits. Of course you have to do without if you are going to cut back Government spending.

Mr. GULLANDER. Of course a temporary tax increase that they feel on April 15 may convince them that they have a bigger stake in this problem than they have had in the past.

Mr. BYRNES. That is a point that certainly may strengthen the case for a tax increase. Thank you very much.

Mr. GULLANDER. Yes, sir.

The CHAIRMAN. Mr. Burke.

Mr. BURKE. On page 6 you make note of the fact that:

A ten percent surcharge on corporate tax liabilities would mean that the effective rate on all but the smallest corporations would be higher than it had been prior to the 1964 tax reduction.

How does your association feel about just restoring the former tax, restoring the cut that has been made from 52 down to 48 percent, and putting it back up to 52 percent?

Mr. GULLANDER. I think we made our point clear here when we said that the surtax should be the same fixed rate for individuals and corporations as well. If you are going to do that then you would go to an eight and a third percent increase and we are saying if you go that direction then that should apply to individuals as well.

I think the President having asked for 6 percent initially has led most Americans to believe that the tax increase would be in the neighborhood of 6 percent rather than the 10 percent he is now talking about, but if you moved the route that you are talking about that would be an eight and a third percent increase and if you moved in that direction then the personal income tax rate should also go up eight and a third percent.

Mr. BURKE. I think there will be a reluctance on the part of many Members of Congress to raise anyone's taxes, whether it is corporations or individuals, higher than it was prior to the cut. I would like to get some indication from you on how you would feel about having a 52 percent tax instead of the 10-percent surcharge.

Mr. GULLANDER. A 52-percent tax, of course, is the equivalent of an eight and a third percent surtax. I think it important psychologically, if for no other reason, and also from an administrative standpoint, that we do this as a surtax, not as a change in rates because at the end everybody makes his calculation and he knows, "This is the price I am paying because I didn't insist on lower Government spending."