Mr. SCHNEEBELI. You think the surcharge should be less in the event we have some economic dislocations of the type I have described.

Mr. GULLANDER. I think the surtax should be low enough so you could absorb that kind of deal.

Mr. SCHNEEBELI. Or do you think it should be totally deferred?

Mr. GULLANDER. This is another question as far as the effective date of the surtax, and I think the thing that is more important than the economic dislocation is you have a very practical problem for those who use electronic computers to pay their people and the performance of the computers.

The programing is a long-time proposition and I have serious doubts that any date prior to January 1 would be enough time for these corporations to even program into their payroll structure a change in withholding taxes.

Mr. SCHNEEBELI. You are recommending a deferment until January 1 for corporations.

Mr. GULLANDER. I am referring to the practical side and practical time from an administrative standpoint in which it could be accomplished and which in a sense covers your point as well.

Mr. SCHNEEBELI. And a strike of any long duration would have an effect you think on the implementation of this legislation.

Mr. GULLANDER. I think it would, particularly the size of it.

Mr. SCHNEEBELI. Thank you.

The CHAIRMAN. Any further questions? Mr. Gilbert.

Mr. GILBERT. Sir, I listened very attentively and you talked about a reduction in the budget. Are you referring to domestic spending?

Mr. GULLANDER. This problem of getting spending under control in the Government is basically no different than getting spending under control in a corporation and getting your costs under control. It is a question of weighing your income and your expenditure and there isn't any department, and there isn't any area, and there isn't any product that shouldn't be examined in the corporate situation to determine how you cut your costs, how you reduce your expenditures.

This applies to Government in all aspects. We don't believe that you should curtail the financial needs of Vietnam and not provide the essentials of what they need. But I am sure in the administration, the Defense Department as well as every other department, there is room for economies, not in less effectiveness, not in less support for our troops on the frontline, but in the administration, and bearing in mind that Vietnam is a relatively small percentage of the total defense expenditures. So I think the Defense Department should be examined just as closely as any others, not at the sacrifice of our problem in Vietnam, but to assure greater efficiency.

The President has talked about perhaps needing another $4 billion in defense. I think this should be looked at very, very carefully. The easiest money to save is the money you plan to spend and haven't yet spent. The hardest money to save is money you are already spending and you must cut back.

I think they should all be examined.

Mr. GILBERT. What always seems to excite people is that Government should be operated on an efficient basis as a corporation. Now, I don't think you can equate the private sector, the corporation, and a