1967 represented increases of about 23 percent in the tax payments of corporations for that year, measured against total income tax payments of corporations of about $30 billion.

Again, one must be impressed by the magnitude of the contribution which corporations have already made to increased fiscal needs.

BY CONTRAST INDIVIDUAL TAX PAYMENTS WERE INCREASED BY $1 BILLION IN 1966 AND $1.3 BILLION IN 1967

By contrast, the restoration of excise taxes on automobiles and telephones and the increase in individual withholding and estimated tax payments increased individual tax payments by about $1 billion in the fiscal year 1966 and about $1.3 billion in the fiscal year 1967, an increase of only 2 percent, measured against total individual tax payments of about $60 billion.

DISPROPORTION IN THE TAX BURDENS OF CORPORATIONS AND OF INDIVIDUALS HAS DEVELOPED

At the time of the 1964 tax reductions the administration made a great point of demonstrating that the action taken was a balanced package in that it reduced individual income taxes by approximately 20 percent and, while the corporate rate reduction by itself was considerably less, adding the effects of the 1962 investment credit and depreciation liberalization, corporate taxes were also reduced by approximately 19 percent.

This, however, failed to take into account that corporations were required to speed up tax payments which increased their payments by approximately 10 percent a year through 1970. The further speedup under the 1966 law compressed that annual increase into the fiscal year 1966 and 1967, which, with the speedup of withheld tax payments, resulted in a tax increase; that is, in tax payments, in 1966 of 15 percent and in 1967, as already indicated, of 23 percent.

Temporary suspension of the investment credit and accelerated depreciation fnrther increased corporate taxes in 1967.

In view of what has transpired, it seems clear that the administration's apparent recognition of the desirability of balance in its actions affecting the tax burdens of corporations and individuals has nevertheless not prevented a very substantial imbalance from in fact developing. The heavy hand of additional tax burdens which has already been laid on corporations must be kept in mind in deciding on the nature of new tax increases.

ECONOMIC CONSEQUENCES OF THE INCREASED CORPORATE TAX BURDENS

The disproportion in the distribution of the burden of the additional taxes required by the Government in the last 2 fiscal years to finance the increasing costs of the Vietnam war and domestic programs must be judged not only by the lack of proportion and equity involved but by its economic consequences.

The President's call for increased taxes has as a major objective the avoidance of higher interest rates and tighter money. I think it is reasonably clear that the acceleration of tax payments of corporations in 1966 and 1967 has been very substantially translated into