

popular—but the least destructive way of cutting back is to cut back the programs most recently proposed.

Do you gentlemen agree?

Mr. WINTER. I think as indicated in the statement here that our approach would be that the priorities must be established. I am not entirely sure that the latest programs are the ones that more readily can be cut. There may be earlier ones that perhaps have far less importance and ought to go first.

This, as I understand it, is what the Commission would do. They would evaluate different programs, not just the new ones but the ones, as I say, that have been in for a long time that carry the annual appropriations, an evaluation and establishment of priorities.

I am not sure that this LIFO method is really the answer. It depends upon the degree of priority. If the economy won't stand a tax increase, then obviously I think that something like that would have to come to avoid any more extreme measures.

Mr. BROYHILL. I would appreciate any recommendations or suggestions from the Chamber of Commerce of the United States as to where specifically these expenditures can be cut, but in the absence of a recommendation I am going to take my own initiative in voting for the cuts and voting down the programs and it will amount to at least \$4 to \$5 billion that we have been talking about.

One of the main reasons given by the Treasury as to why this surcharge should be enacted is to lessen the dangers of increased interest rates and tight money. Yet a couple of witnesses yesterday, Mr. Gullander from the National Association of Manufacturers and Mr. Kust of Westinghouse, indicated that the accelerated payments of estimated corporate taxes cause corporations to go into the money market and that contributed to the tight money market and high interest rates as much as Treasury borrowing.

Do you agree?

Mr. WINTER. Yes; and the elimination of \$100,000 will have an impact, too.

Dr. MADDEN. I quite agree. It will simply add to the total borrowing that will be needed if corporations have to borrow for this purpose and any additional borrowing will put pressure on the supply of credit, so I think the point is correct.

How large a magnitude is involved is a question I couldn't answer without study.

Mr. BROYHILL. If this surcharge goes into effect as proposed by the Treasury it would mean about \$400 million additional taxes by accelerating the payments that the corporations pay from 70 to 80 percent and \$400 million by eliminating from the estimated tax payment the \$100,000 exemption, and that would mean what amount in surcharges for corporations; \$1 or \$2 billion, is it?

Mr. WINTER. I think about \$2 billion is correct.

Mr. BROYHILL. Would the additional taxes, accelerated payments or surcharge, be passed on in the way of cutting back dividends to stockholders, or will the result be more borrowing by the corporations to replace the funds lost out of the treasury?

Dr. MADDEN. Whether the corporations would borrow or not would depend on their cash position. Whether the corporations would pass on the tax increases or the additional cost resulting from the accelera-