

the problem of a \$29 billion deficit facing the administration. They explained how they plan to borrow 50 percent, cut 25 percent, and tax 25 percent, to meet the deficit.

I have read their analyses of the needs for additional tax revenues. I may even agree with their fears about inflation. However, I cannot understand why they have overlooked, as a source of revenue, those who pay no taxes at all and those who do not pay an equitable share of the tax burden.

The Secretary of the Treasury in his testimony on page 37 of his prepared statement said as follows:

I want to make quite clear that the choice of the surcharge form to meet a temporary need by no means implies a turning away from the need for achieving important permanent structural changes in the tax system.

Indeed, as the President stated in his Economic Message, he will be sending a message proposing comprehensive tax reform later in this Session.

Both in timing and objectives, however, tax reform should be distinguished from the present temporary surcharge recommendation. The surcharge is needed now for revenue. Expedient action is essential if it is to achieve its purpose. It is a temporary measure and not a permanent part of our revenue structure. The central issues for Congressional concern are the size of the needed increase and its timing.

The Tax Reform Message will require more deliberate consideration since it involves proposals for permanent structural changes and some redistribution of tax burdens in the interest of a fairer sharing of the load. Its basic objective is not to raise revenue but to correct a number of inequities and abuses in our tax system. Tax reform is a job that very much needs to be done. I hope your committee will be giving its consideration to the President's reform recommendations in the months ahead.

However, I am not speaking now of overall tax reform. I am addressing myself to the present needs and how best to meet them.

I do not agree with the Secretary of the Treasury that we must wait for a tax reform message until after the tax surcharge is disposed of. We have had promises of tax reform before.

The Democratic platform of 1940 contained the following declaration. "To encourage investment in productive enterprise, the tax-exempt privileges of future Federal, State, and local bonds should be removed."

The Democratic platform of 1948 said, and I quote—"We shall endeavor to remove tax inequities and to continue to reduce the public debt." The Republican platform of 1952—"A thorough revision and codification of the present hodge-podge of internal revenue laws," requires attention.

And finally, the late President John F. Kennedy in his special message to the Congress on taxation, April 20, 1961, said;

While it is essential that the Congress receive at this time this Administration's proposals for urgent and obvious tax adjustments needed to fulfill the aims listed above, time has not permitted the comprehensive review necessary for a tax structure which is so complicated and so critically important to so many people. This message is but a first though urgent step along the road to constructive reform . . .

Moreover, special provisions have developed into an increasing source of preferential treatment to various groups. Whenever one taxpayer is permitted to pay less, someone else must be asked to pay more. . . .

It will be a major aim of our tax reform program to reverse this process, by broadening the tax base and reconsidering the rate structure. The result should be a tax system that is more equitable, more efficient and more conducive to economic growth. . . .