

say that if there is the danger of inflation and I am prepared to accept the thesis presented by the distinguished economists who addressed this committee that there is danger of inflation—then I think the President's direction should be to seek additional revenues and to cut the deficit and cut the items necessary to prevent and avoid an unnecessary inflationary spiral.

Mr. VANIK. Thank you.

The CHAIRMAN. Mr. Collier.

Mr. COLLIER. One question. I didn't read H.R. 12445 and consequently from what you say here you say taxpayers with less than \$10,000 will be exempt from your proposal.

Mr. TENZER. Yes, they would pay their normal tax.

Mr. COLLIER. They would pay their normal tax.

Mr. TENZER. Yes. They might be subject to the surcharge, but if they paid a minimum tax on all of this income that they enjoy from these four sources, which would be 10 percent as a minimum, if they are paying more than that by their regular return they would not be subject to this tax at all.

The main thrust of my approach, and I think you will be able to revise it and fashion it to meet the needs, is to see that the man with an income of a million dollars, with the \$200,000, with the \$400,000 income, who pays nothing, should pay a minimum of 10 percent.

Mr. COLLIER. Under normal conditions I recognize that your statement in that regard is very clear. Let me ask you though in the light of your response to my previous question, just one other question. Are you not suggesting then under this proposal of yours that the single man making \$10,000 a year income is in no better position to pay a tax than a married man with four children who is making \$11,000?

Mr. TENZER. He wouldn't be subject to it either when he takes his deductions.

Mr. COLLIER. Then I misunderstood you originally. Maybe we ought to go back and get that straight. You say that the taxpayers with less than \$10,000 in actual income would be exempt.

Now going that far, and you responded to my question, then I must repeat that the man who is making \$12,000 a year who has four children or five children would then according to your theory be in a better position to make a contribution than the single taxpayer with \$10,000.

Mr. TENZER. No, the man with the four children would have six deductions and the single man wouldn't have those deductions.

Mr. COLLIER. But you say actual income. I only accepted it in that verbiage.

Mr. TENZER. Adjusted gross income.

Mr. COLLIER. Now that throws a whole new light. In other words, a taxpayer with less than \$10,000 of taxable income would be exempt.

Mr. TENZER. \$10,000 of adjusted gross income plus the four categories set forth in my bill.

Mr. COLLIER. With all of these crying needs you are speaking about.

Mr. TENZER. Yes.

Mr. COLLIER. That is all.