The recommendations set forth in this statement were prepared by a special subcommittee and approved by the chamber's Federal taxation committee of 90 members.

The Illinois State Chamber of Commerce has long supported fiscal responsibility, a balanced Federal budget, reductions in Federal spending, and reform of the Federal tax structure. For many years, the most basic reform we have advocated has been a reduction in Federal income tax rates to reduce their stifling effect on business.

Excessive borrowing as well as excessive tax rates can have adverse effects on the state of our economy. In this context, the Illinois State Chamber of Commerce has adopted the following statement of policy.

In view of the situation in Vietnam, extensive disorders throughout the country, and the need to maintain an effective deterrent force to prevent worldwide aggression, the Illinois State Chamber of Commerce feels that a state of emergency exists in regard to Government financing and that all programs of Federal spending, whether domestic or foreign, defense or space, must be reviewed and reevaluated in the light of existing demands on Government and the current state of our economy and that more realistic priorities should be established to determine which expenditures will be eliminated, reduced, or delayed. We feel that no sound tax adjustments can be considered in the absence of such a comprehensive review.

The costs of Government must be financed, but they also must be controlled.

Thus, we suggest that any additional tax revenues should be not greater than the amount cut from proposed Federal spending and that any tax increase should be temporary and nondiscriminatory.

This statement has not been prepared by a group of analysts or economists. The chamber's Federal taxation committee is composed of independent businessmen, financial officers of large- and medium-sized corporations, tax administrators, and professional men dealing regularly with tax problems. Thus, it is a statement of businessmen from Illinois. Not wishing to be naive, however, this statement was checked with a number of economists associated with business and financial institutions in our State, and we found that it had their unqualified support.

ADDITIONAL TAX REVENUES SHOULD AT LEAST BE MATCHED BY REDUCTIONS IN PROPOSED FEDERAL SPENDING

We are well aware that various estimates indicate that Federal spending might exceed anticipated revenues in the current fiscal year by as much as $25 to $30 billion and that to finance a sum of this magnitude through borrowing could well cause excessive inflation and a restriction of credit that would stifle the economy.

In finding ways to reduce this gap between spending and revenues, we feel that the first priority should be a reduction in spending. In an attempt to quantify the relationship between reduction in spending and an increase in revenues, we feel that the amount of reduction in spending should at least equal, and preferable exceed, any tax increase. You are aware of many plans and suggestions as to how and where Federal spending can be reduced, such as the detailed