

What I am afraid this committee and the Congress is faced with is an administration that wants only a part of that package. They want a tax increase, but don't want to do anything about reducing expenditures.

What would be your judgment if we were presented with a situation where there were no substantial expenditure decreases? Do you think a tax increase would be beneficial?

Mr. WILDE. Well, I would have to deplore the situation, and as I read the President's message he said this fiscal program starts with expenditure restraint.

Mr. CURTIS. He says it in words, but when it comes to figures it just isn't true. He gave us a figure of \$135 billion in expenditures for fiscal 1968 in the January budget message. The testimony of the Secretary of the Treasury and Director of the Budget before us when we went into it reveals that that figure now is probably around \$144 billion, so he may talk one way, but this is not expenditure restraint.

It is the reverse. In 6 months they revise their expenditure estimates for fiscal 1968 from \$135 billion to \$144 billion.

The question with these figures which show no reductions in expenditures, but actual increases, is what would a tax increase do? Would that be beneficial?

Mr. WILDE. Well, it is obvious that if there isn't expenditure restraint the deficit would be larger and hence the tax increase would be less effective, but it will do some good for the reasons that I have outlined in my short comments here.

Mr. CURTIS. That is what I was getting at. I wonder if it does any good to increase taxes. I will put it this way. I was pleased to note—at least I think I note this—that you were saying the size of the deficit itself creates the basic problem.

Am I paraphrasing your statement correctly?

Mr. WILDE. Yes.

Mr. CURTIS. And I agree with that. Then the question is, let's say, it is a \$30 billion deficit. You can finance a deficit three different ways in any combination—sale of capital assets, increase tax revenues, or debt financing—but it seems to me that with a deficit the size of \$30 billion, the very size is going to create damage, however you finance it.

In fact, I can't quite see what difference it makes whether you have a tax increase as part of the financing mix. I think the damage through the sheer size is going to outweigh any consideration like that. At least I pose that for your comment.

Mr. WILDE. Well, this is an old question that has been raised in many categories, including personal conduct. This is in a very large theater. I still think that it would be desirable to have a tax increase, producing \$5, \$6, \$7, or \$8 billion, even if we didn't do what our duty clearly calls for, but it is arguable.

Mr. CURTIS. I am not talking about duties. I am trying to keep the discussion in the area of economics and concentration what the effect of a deficit that large would be.

Now I notice an assumption in your statement that the increase in the tax rates will increase revenues. This is another thing that the committee has been trying to look into.

Given the economic climate we have, given the tax rates—and I share your view that they already are too high—will increasing the