It should be noted here too, that the proposed 10-percent surtax on individual and corporate tax liabilities will come on top of another rise in the increasingly burdensome social security tax which the House of Representatives has already approved and which seems certain of early enactment.

There have been many tax increases by State governments during the past year. Several States have increased sales and income tax rates. Examples include Ohio, Minnesota, West Virginia, and California. In my own State of Tennessee, the Taxpayers Association supported Governor Ellington and the legislature in a proposal to increase corporation income taxes by 25 percent. The tax rate was increased from 4 to 5 percent on net earnings of corporations.

Other tax increases were made on gasoline, tobacco, alcoholic beverages, and so forth. I cite this to make two points: (1) the taxpayers' associations of this Nation are willing to support taxes when needed, but they also want evidence of restraint on spending programs, and (2) the tax burden on the taxpayer is growing as a result of actions taken by State legislatures.

We do not believe that the Congress and the Executive have exhausted every conceivable avenue to reduce and limit nonessential spending. This is due at least in part to our failure to live up to the declaration contained in section I of the tax reduction act of 1964, expressing a clear preference for the continued application of expenditure restraints.

There is but little comfort to be derived from the fact that the 10-percent surtax is proposed on a "temporary" basis. The fact that it is proposed at all, and that the tax package also includes proposals to postpone scheduled reductions in the automobile and telephone service excises, should be a sufficient reminder that where taxes are concerned anything is possible—and that while tax increases may be described as "temporary," tax reductions also are sometimes temporary.

CONTROL OF FEDERAL SPENDING SHOULD HAVE FIRST PRIORITY

It may be that in the final analysis the Vietnam war requirements will make some tax increase necessary. It is our contention, however, that any such decision should be preceded by the most vigorous efforts to control and reduce Federal spending, so as to make tax increases at this time unnecessary.

Thus we concur in the position taken recently by the distinguished chairman of the Joint Economic Committee, Senator Proxmire of Wisconsin, when he stated:

> Congress should cut spending before it undertakes a tax increase. If the Government has to allocate more of the national resources to defense purposes, ws should cut down on the Government's other claims on resources. Why should the Government go on consuming more than ever when it asks the private sector to consume less?

It is not carping criticism to suggest that we have failed at the national level to establish a system of reasonable expenditure priorities. Federal programs proliferate and expand in both scope and cost. While it is recognized that expenditure control is not the primary responsibility of this committee, it is surely not unrelated to the issues raised by the pending tax increase proposals.