SUPPLEMENTARY STATEMENT OF HON. HENRY H. FOWLER

It has not been my practice in the past to spend time and energy answering "Monday morning quarterbacks," particularly when subsequent events have proven that the play they would have had called in the game would have lost rather than gained yardage.

Nor have I made it a practice to answer partisan criticism. My firm belief is that economic and financial policies and programs are good or bad on their merits and not because they happen to bear a Republican label or a Democratic label.

However, two circumstances cause me to depart from this past practice. First, because the reasoning and analysis as applied to a past event, that is, the absence of an increase in income tax rates in 1966, seems to be designed to prejudice a key element of what I believe to be the right economic and financial program for 1967—the levying of surtaxes on individual and corporate income taxes beginning next July 1 for the next 2 fiscal years.

Second, these hearings before the Joint Economic Committee of the Congress were opened by a statement from Senator Javits "on behalf of the minority on the committee."

I believe it important to correct the record that Senator Javits purports to make on behalf of the minority when he characterizes the year 1966 in the following terms: "With restraint lacking on the fiscal side, without some genuine spending cuts or a modest tax increase early in the year, monetary policy necessarily was drawn in to fill a vacuum."

Representative WIDNALL. Mr. Chairman, may I interrupt at this point? I would like to correct for the record and say for the record that I think your statement about Senator Javits purporting to make a statement on behalf of the minority has nothing in fact——

Secretary FOWLER. Then I take it this was in behalf of the minority?

Representative WIDNALL. This was after consultation with the minority. We worked out the statement together and all made suggestions in connection with that statement, so let me clearly say on the record it is a statement by the minority.

Secretary FOWLER. Then I am glad to know that.

This statement is full of error in all of its aspects.

The primary fact is that there was restraint on the fiscal side. All facts, figures, and subsequent events make this clear. The compelling proof is that the NIA budget shifted from a stimulative deficit in the latter part of calendar 1965 to a restraining surplus in the first half of calendar 1966.

Senators Javits, and the statement, is also in error in purporting to speak for the minority because, as I will demonstrate from the record, his espousal of income tax increases in the spring of 1966 found him in the not unaccustomed posture of being completely and unanimously overruled by his own party. The Republican coordinating committee, the Republican House leader, and the House Republican conference in March and April announced their opposition to any further tax increase than the one some of them had supported in the Tax Adjustment Act signed March 16, 1966. This position was reaffirmed formally in the report of the Republican members of the House Ways and Means Committee on the debt ceiling extension in June.