

Second, any increase in social security benefits this year should be limited to the level justified by current employment taxes.

Third, the Congress should take no action at present on the President's recommendation of a 6-percent surcharge on the income tax liability of individuals and corporations. The wise course would be to watch economic and fiscal trends closely over the next few months and judge the tax issue in the light of developments. If it should become clear several months from now that the pace of economic expansion is again quickening, an increase of income taxes may become necessary, especially in case little progress is in the meantime made by the Congress in scaling down requests for new appropriations. On the other hand, if signs of weakness in the economy multiply, the case for a tax increase will become even more doubtful than at present.

But if the Congress is to be adequately informed, the flow of fiscal information will need to be improved. This need extends, of course, beyond the immediate future and beyond the halls of Congress. Just as the Federal Government now makes public each quarter the information that it compiles on business sales expectations and investment intentions, so it should also compile and make public each quarter its estimates of the Government's own revenues and expenditures. These reports should include fiscal projections both for the ensuing quarter and for the remainder of the fiscal year.

I hope that the Congress will consider legislation to this effect in the interest of keeping itself, as well as others both within and outside Government circles, adequately informed. Once this new fiscal tool becomes generally available, we will be better equipped as a society to deal with the difficult and changing requirements of fiscal policy.

Chairman PROXMIRE. I want to thank you very, very much, Dr. Burns, for a forthright and strong statement, and one which in many respects confirms my own prejudices, which makes me approve a great deal of it. I am especially impressed by the very strong case that I think you have made against Congress acting in the near future to enact an increase in taxes, and your feeling that we should wait and see.

I would like to ask you a number of things; first, with reference to the table which you referred to in your discussion of increased spending, I have that table before me at the present time. It indicates that of the increase in Federal spending between 1966 and 1967, \$18.4 billion of the \$21.3 billion were in two categories. One in national defense and, secondly, health, labor, and welfare, almost all of which was in social security, a great deal of which was.

In 1967 and 1968, the increase is \$15.8 billion in these two categories of a total increase of \$17 billion. In other words, these two categories account for 85 percent of the increase in the first year, and 90 percent in the second year. Consequently, it would seem to me, if we are going to do anything about the increase in Government spending, we have to either reduce or hold down the national defense area, which I take it you would agree depends on conditions that are not economic.

Secondly, follow a prescription which you have been very definite about, of not increasing social security, as you say, above the amount permitted by present taxes, which would be, I take it, about an 8-percent increase; is that correct?

Mr. BURNS. Approximately that, I would judge, yes.