

the general thinking on this subject. But I believe that we have dragged our feet too long, and are not yet moving forward with the requisite degree of decisiveness and vigor. We cannot make this gain, so long as we exaggerate the gold and balance-of-payments problems to the extent that we are now doing, nor so long as we let these exaggerations interfere with a domestic policy for optimum economic growth and sustained maximum employment, production, and purchasing power.

COMMENTS UPON THE ECONOMIC REPORT OF THE PRESIDENT

As I said at the outset of my statement, there is no need for me to comment extensively upon the Economic Report of the President, because it is entirely consistent with the Annual Report of the Council of Economic Advisers, which I have treated in detail.

My exceptions to the President's Economic Report, in brief

Briefly, I think that the Economic Report of the President is too optimistic, and therefore stresses restraining rather than stimulative measures; that it to a degree substitutes identification of all the things we should be doing for actual dedication of our resources to doing these things in adequate measure; and that it proposes postponement to "after Vietnam" of many things which we ought to be doing now, which we cannot afford to postpone, and which are well within the ambit of our current and growing resources, especially if we put first things first. I do not think that the measures proposed are the best road toward price stability, and that price stability is accorded too high a priority relative to reduction of unemployment, accelerated economic growth, and serving the priorities of our domestic needs. I think that the balance-of-payments problem is also accorded too high a priority for the same reasons.

The 6-percent tax increase is highly undesirable

As already stated, I am opposed to the proposal for a 6-percent surcharge tax increase across the board. Tax increases are highly undesirable and risky in view of current and prospective economic conditions, assuming proposed levels of Federal outlays. If tax increases should prove necessary, and they would be necessary to support the increases in Federal outlays which I deem to be of vital importance, these tax increases should be along progressive lines. They should include increases in the corporate income tax, and increases in the taxes of upper middle and high-income families. The glaring tax loopholes should be closed in any event, and I am dismayed by the lack of attention to the whole problem and to other aspects of tax reform proposed, but not achieved, in 1964.

The prime responsibility of the Council of Economic Advisers

In conclusion, I do not want to appear to be blaming the President for any of what seem to me to be the major deficiencies in his Economic Report. I feel that President Johnson is making an inspiring record of expanding the national identification of national responsibility. This is the greatest service that any President can render, and I believe that President Johnson is doing this with superb courage and discernment.