

features required. They have to reveal certain facts if they sell these automobiles and trucks to the Government.

So you have sort of a conspiracy in the durable goods industry. They raise their prices disproportionately.

When labor gets—this has been proved over and over—when wages increase, when labor gets their wage increase, then they are doubled, they are pyramided; and, getting back to the point I made a while ago, I think we should have these profits, the highest in history, exorbitant profits up to 25, 30 percent after payment of taxes, and I think we should have excess profits legislation. I do not think that the people sitting in this room should have to pay almost entirely for this war. I think big industry should have to bear a large part of the burden.

Chairman PROXMIRE. I just have one more question, and this is to Mr. Shuman.

Mr. Shuman, you make a very interesting proposal for dollar-for-dollar tax credit to the States for their income taxes, sales taxes, and corporation income taxes.

I compute that, on the basis of the present taxes paid by the States, this would mean a credit of \$30 billion. Maybe it would be somewhat less than that, because some people would not be in a position to claim it. Total Federal grants are only \$15 billion.

It seems to me if you go through with that resolution, and I presume you might agree to some refinements or limitations on it, you are pretty much asking the States just to back up their trucks to Fort Knox or the Treasury and cart off as much as they want; because what they can do is to have an income tax that would match the Federal income tax, which would be fantastically burdensome, of course. It would not increase the taxes paid by any of the residents because the residents would get a dollar-for-dollar offset through the income taxes they would not then pay to the Federal Government.

But this, of course, would tremendously diminish revenues to our Federal Government. In fact, it would wipe out corporate and personal income tax, and then some, because in addition to that, of course, you would have sales tax offsets.

I just wondered if there should not be some limitation on the enthusiastic resolution that the Farm Bureau has.

Mr. SHUMAN. Well, I think there would be in practical application. Certainly we would not advocate a tax credit without a matching amount of transferred spending responsibilities. In other words, if the Congress approved a tax credit then we would, of course, expect Congress to discontinue the appropriations for welfare, education, anything else which they thought was, could be, covered by this corresponding gain by the States.

Chairman PROXMIRE. But, as I pointed out, your tax credit right now, if it is on a dollar-for-dollar basis, would be \$30 billion, and the grants—all grants—are only \$15 billion.

Mr. SHUMAN. That is right.

Well, there are other grants besides education and welfare, and undoubtedly there would be limitations placed on it by the Congress as to whether or not they were going to transfer more of the Federal grants in aid or other programs besides the \$15 billion of basic grants. That comes to around \$15 billion, I think.