ments. It is clearly infeasible and unrealistic to provide the needed reductions in the deficit solely through expenditures reductions.

Finally, given the tightness of the President's 1969 budget and the gravity of the social problems which face the country, I do not believe a mixed strategy—some expenditure cuts and a smaller than 10-percent surtax—is warranted. The saving in lower taxes—amounting to several tenths of 1 percent on individual income—is not, in my judgment, worth the loss in public benefits from those programs which, realistically, would have to bear the burden of the cuts.

Chairman PROXMIRE. Thank you, Mr. Schultze.

Our next witness is a very highly valued former member of the staff of the Joint Economic Committee, Mr. Norman Ture. He was a tax expert with this committee for a number of years. He is now the director of tax research at the National Bureau of Economic Research, Inc.

Mr. Ture, you may proceed.

STATEMENT OF NORMAN B. TURE, DIRECTOR OF TAX RESEARCH, NATIONAL BUREAU OF ECONOMIC RESEARCH, INC.

Mr. TURE. Thank you, Mr. Chairman.

ISSUES IN FISCAL AND MONETARY POLICY IN 1968

I appreciate the opportunity to appear before the Joint Economic Committee and to present my views concerning the issues of fiscal and monetary policy in the United States in 1968.

Let me emphasize that the views I shall express are my own. They are not to be construed as a report of findings or conclusions by the National Bureau of Economic Research, Inc.

The central issue of fiscal and monetary policy, as I conceive it, is whether these policies should be focused on efforts to deal with short-term problems or longrun objectives. A few years ago, it appeared the latter was to be the major concern. The tax legislation of 1963–64 clearly and explicitly was aimed at a fundamental revision of the public financial framework for the U.S. economy. It was not, as is often claimed today by advocates of frequent, finely tuned fiscal and monetary adjustments for economic stabilization, concerned with any short-term deviations of the economy from the path of full employment with price level stability. President Kennedy, in the latter part of 1962, explicitly rejected an emergency tax reduction to avert or cushion the economic "pause" then observable which many persons feared would be transformed into recession unless some public policy action were taken. In promising tax legislation in 1963, he emphasized that he would seek basic structural reform intended to change the tax climate and to make it more congenial to those activities in the private sector of the economy upon which the growth of the economy fundamentally depends. The chairman of the Ways and Means Committee in the House confirmed and elaborated that purpose in his statement of September 16, 1963, when he characterized the reduction as the choice by the Congress of tax reduction in lieu of rapidly expanding Federal expenditures as the road toward a prosperous economy.

This concern with long-term objectives has been subordinated since