

Where Mr. Ture and I disagree is that he pushes it to an extreme point.

I would make one other proposition with respect to this. Between 1964 and 1965 and 1969, Federal expenditures, including Vietnam, as a percentage of GNP rose by about 2 to 3 percentage points. They went from something like 19½ percent GNP up to 21½ percent of GNP.

I suspect that Mr. Ture, himself, had this been presented to him as a possibility, would have indicated, yes, you do need a tax increase under these conditions.

The difficulty is whether you have a long-term increase in Federal expenditures as a percentage of GNP, substantially of the order of 2 percent, 2½ percent. Now, the difference here is that the increase, this 2 to 2½ percent, it attributable to Vietnam, and we say—God hope that we are right—that it is temporary.

Query: You have an increase in expenditures relative to GNP of a substantial magnitude, which you think is going to be temporary.

If it is going to be temporary, then, according to Mr. Ture, don't have a temporary tax increase to get after it. I think that is where the difference comes down to.

Chairman PROXMIRE. My time is up.

Senator JORDAN. Please go ahead, Mr. Chairman.

Mr. TURE. Shall I respond?

Chairman PROXMIRE. Yes; then, Mr. Weston.

Why don't you respond, as long as you were directly asked by Mr. Schultze? Why don't you reply, clarify your position?

Mr. TURE. Very briefly, Mr. Schultze, I think your point is well taken.

My case is, fundamentally, that the occasion for a tax increase at this point is not being properly stated. I don't know whether there is such a case, because I cannot forecast the likely course of Federal expenditures over a period of time sufficiently long to make a major change in the revenue structure desirable.

If we forecast that expenditures should and will continue to rise during that period, I think that is a reasonable basis for requesting a tax increase.

I wish the President would put it to the country exactly that way. I wish that he would state that since Congress has voiced approval of a wide range of programs, defense and nondefense and since the prospects for quickly terminating the conflict in Vietnam and not getting into similar conflicts elsewhere so that we will be able to reduce our defense outlays, is remote, the likely course of Federal expenditures, given these assumptions over the next 5 years or so, is such that we will not be able to finance them with the present tax rates and will run huge deficits.

That, I think, would be a perfectly reasonable way for him to go to the country. I think it would then be a reasonable way to state the issues.

Do we want the other nondefense programs curbed, or do we want them, and are we willing to pay for them?

Mr. WESTON. That leads directly to what I wanted to say.

It seems to me that it is unfortunate that the basic policy decision hinges on how you label the policy change, temporary versus perma-