

Congress, when faced with alternatives is not going to lose much revenue reducing the \$10.50 per proof gallon tax on alcoholic beverages. It is not good for you to drink; it is not good for you to smoke; and so Congress helps you along by imposing high taxes on these items of consumption, the view being that high taxes discourage consumption. Of course, if they discouraged consumption effectively they would not yield \$6 billion. The fact that they do yield \$6 billion suggests the sumptuary motive is just so much nonsense. What, in fact happens, is that the guy who wants to drink, drinks. The kids may not have so much milk and their shoes may not be replaced as often as they should, but he drinks. And certainly, speaking not so much as a drinker but as a smoker, I might well find my kids doing with less milk before I cut my cigarette consumption down, despite my best efforts and intentions.

I do not believe that the sumptuary motives here are important. But they do make a lot of sense politically. The highway excise taxes too are sacrosanct. They are earmarked and the whole highway Federal aid program depends on them. So, what we are left with is about \$4.5 billion in excise taxes which make very little sense. We tax television sets. Now, I could argue, I think, even more effectively with respect to the sumptuary motive regarding television than I could with cigarettes or the modest intake of scotch. But, most people would not take that very seriously either.

What sumptuary motive is there involved in taxing telephone service at 10 percent? Again, some people might argue that there is something to be done, but your teenaged daughters are not going to be discouraged by this tax from using the telephone. At any rate, at the local level the tax does not vary much with usage.

We have a large number--some 75--of excise taxes imposed in a highly discriminatory fashion in a manner that makes little or no sense. The difficulties involved in any program that will be forthcoming early in 1965 involve the question of how much revenue can be lost. And if the Administration feels that a \$4 billion tax cut which would wipe out these excises other than sumptuary and highway excises would be too large, then you really face a tough problem in knowing how to select among them. Because, any time you make selections you are going to make a lot of people angry. And that is a tough thing to do. Besides, it is difficult to make selections on any rational basis, politics aside. And so, the program will be a tough one to justify; that is, to rationalize, if it amounts to less than \$4 billion.