My guess is that in the interests of being able to present something that comes as close as possible to a balanced budget, the President will recommend reduction in excises in the neighborhood of about $1.5 billion. My further guess is that Congress, subject to pressures, in its wisdom will enact an excise tax bill which will cost closer to $4 billion. The excises that will not be cut will persist if the Congress somehow can find some fall guys with poor lobbyists operating in their behalf. But then the Administration will be able to lay the blame for a larger deficit than it prefers on the Congress, not on itself. And this may give the Administration the excise tax cut it really wants without the Administration having to bear the onus for a larger deficit than it feels is politically proper.

But even once this excise tax cut is done--I think there is a very good prospect that it will be done in this coming session of the Congress--then we still face two problems. There is still that fiscal drag I talked of, and this, I think, will require periodic reductions in income tax rates. I can readily foresee a situation in which, if things go well, particularly in the budget--and this means, I suppose, if things go well on the international scene--I can readily envisage within the course of the next 10 years a personal income tax rate structure with rates ranging, say, from 10 to 40 percent.

In any case, I think this will be needed and I think a close look at this kind of prospect is being taken. I cannot help, then, coming back to the need for tax reform. Some of us never quit despite the beatings that we have taken. I came to Washington in 1961 solely because I was convinved that there was an opportunity to put at least a substantial part of the tax reform I had been preaching for years into action. Well, we put it into action in part, insofar as the President's tax message was concerned, but the Congress threw it out.

Under conditions of substantially less than full employment, tax reform can be placed in a very secondary position. Because, when you talk about reform in the area of taxation of mineral resources--oil, for example--you argue that the problem here is that inefficiencies are created as a consequence of the special depletion allowances permitted the oil industry. This tends to result in overinvestment, misallocation of resources in oil relative to other industries. But then, when you present this program and the Congressman from Texas says, "What do you mean overinvestment in oil? Hell, we have hundreds of well-trained drilling technicians