

decrease in surplus of \$2.3 million over what we expected to go into the 1967-68 year with, we are looking at an extremely bleak revenue picture. I don't think it's critical at the moment because we are still in the estimating stage and there is some time left before we can get into a specific pattern, but it concerns me enough to warrant a very close look and a continuing scrutiny through the next several months. And if these trends continued without any appreciable increase in other areas, it may be entirely necessary to cut back on State programs and leave vacant additional positions that were granted in the budget.

Q. Governor, would you cut back or would you ask for additional tax revenues?

A. No, I would cut back. We would have to cut back. We cannot go to the voters. We cannot go to the Legislature. We cannot ask the voters to assimilate another tax increase next year.

Q. Governor, you mentioned the 10 percent surtax possibility. What overall effect will the Federal surtax have on State revenues?

A. Well, it's undoubtedly going to cause a decrease in our revenues. It's going to cause a tightening up in corporate profits and it's going to cause sales tax revenues to decline. And it's going to have an adverse effect on our predictions. I don't know what we can do about it, and I'm certainly not well versed enough in the national economic picture to say whether it's needed or whether it isn't needed. I have enough trouble trying to keep in mind what the State of Maryland needs. But if it does have to come about, based on the advice of fiscal experts of the United States, it may have a very profound impact on our own fiscal picture here in the State.

Q. In connection with the transportation strike, you mentioned program executives and that a study of modern management is under way. Are these program executives likely to become super department heads?

A. I would say almost no likelihood of that exists. The entire idea of having the program executives is that they represent extensions of my official body, you might say, into the agencies and they will lose their utility unless they are acting for me and not on behalf of the agencies themselves.

Q. In July you sat next to Roy Wilkins at the head table and discussed problems of the Negro community. At that time you pledged that your administration was doing everything to terminate racial discrimination throughout Maryland, including the government itself.