

only about 7 percent of family units own stock worth \$5,000 or more. Thus the proportion of people who have suffered losses, even paper losses, is relatively small.

Yet the decline in the stock market has received wide publicity, and I expect to find in our August data that a very substantial proportion of consumers have heard of it. On the other hand, on the basis of past data, I expect to find that only a small proportion of the American people accept the notion that the stock market decline is a signal for an economic recession. Most Americans do not see a close connection between what happens in the stock market and what happens to the economy. This attitude is in line with the high demand for automobiles which continued in June and July. But there exists a minority with different views and therefore, overall, taking majority and minority together, the probability is that the August data will indicate more consumer caution and uncertainty than the May data.

Over the past few years the Survey Research Center has carried out extensive studies about consumer attitudes toward taxes. Since there has been some discussion about the results of a recent Gallup poll—it was criticized by President Kennedy at his press conference last week—permit me to submit some data.

In May and again in November 1961 we asked the following question of representative, nationwide samples:

There has been discussion about reducing taxes at the present time; do you think this would be a good idea or a bad idea?

The findings are reproduced in my table below. It appears that in 1961 the American people were about equally divided between those who thought tax reduction was a good idea and those who thought it was a bad idea. Naturally, many people might not have given any thought to the problem and might have made snap judgments. Of particular significance, therefore, is a question about the reasons people have for their opinions.

After they say that would be a good idea or a bad idea, we asked them, "Why do you think so?" In reply to this question, we found that only 13 percent of all people favored a tax cut because they thought it would increase purchasing power and stimulate recovery. So, if you wish to call it that, the sophisticated economic notion was shared last year by about 13 percent of American consumers.

Slightly over 20 percent favored a tax cut because, as they put it, "taxes are too high." On the other hand, 35 percent held that tax cuts would not be appropriate since the money was needed for national defense and other Government services. Another 8 percent were against tax cuts because they feared deficits or felt the budget should be balanced.

We shall have more data along these lines when our August survey is completed. Then we shall also know more about how people would use the money from a tax cut. Past data indicate that most low- and middle-income people would spend the money.

Recently people may have heard much more about the problem of a tax reduction than a year ago. Nevertheless, probably, the connection between tax reduction and increase in purchasing power is