must do for national defense. That is why I said if a tax cut should be enacted this year, next year or whenever, it is necessary to inform and educate the people.

Senator PROXMIRE. I see. What you said at the very end I think is so important. If you are going to have a tax cut we have to do a far more extensive job of justifying that so that people understand the reason for it and are willing to accept it.

Miss DINGLE. May I add one purely technical point? In the under-$3,000 income group you would have a large number of families that do not pay property taxes directly because you have a large proportion of renters. There are also, of course, a number of retired persons who own their own homes, but you do have a large portion of renters in this income group.

Senator PROXMIRE. That is right. There are also a large number of farmers, believe me, in this category——

Mr. KATONA. There are indeed.

Senator PROXMIRE. Whose taxes are overwhelmingly property taxes and many pay no income tax. In our State they are predominantly owners. Their incomes are less than $2,000 per family. My time is up.

Chairman PATMAN. Congressman Curtis.

Representative CURTIS. I want to get to some specific questions because all of this has been placed in the context of what I regard as begging the question, that a tax cut actually will stimulate the economy in a period of deficit financing. I recognize that the bulk of the economic profession seems to have advanced that theory. However, I suggest that they have not established that as a correct theory. We have never tried it in the United States.

I know of no nation that ever has tried it. I think it is very important to drive that home right in the very beginning. We have had this theory advanced in the Ways and Means Committee hearings and I have asked each one of the witnesses why they thought that dealing, as we are, in economic aggregates, in a period of deficit financing—we are talking of balance between the Government sector and private sector—shifting $5 billion from the Government sector in a tax cut to the private sector and then turning right around and taking $5 billion from the private sector and transferring it back to the governmental sector by selling bonds to the private sector—why does that stimulate an economy? Although I do want to get into the details of this I think it is very proper to ask that question here. This is not a proven theory and I am very disturbed that without even debating it and getting into the reasons, all the witnesses seem—even you, Mr. Greenwald——

Mr. GREENWALD. I did not say that.

Representative CURTIS. To the extent that Mr. Katona, people like yourself, say it is a question of informing and educating the public on this new theory. In my view, I would say propagandizing the public.

Mr. KATONA. May I recapitulate, Mr. Curtis. The points are as follows: The strongest stimulus for the consumers to increase their spending, to improve their standard of living, to satisfy the innumerable wants the American people do have, the strongest stimulus is a rosy outlook—a hope that they get ahead, that there will not be unemployment. A tax cut contributes to the thought of more purchasing power.