

tax. So many people, as I campaigned in my area, didn't even know they had a tax cut because they were looking at take-home pay.

Mr. KATONA. We also had other tax increases. We had an increase in Federal income taxes over the last few years. If I had a \$10,000 income a few years ago and now have \$13,000 because of inflation, my real income was unchanged. Nevertheless, because nominally my income rose, I had to pay higher taxes. It is time to reverse this constant drain on incomes.

Representative CURTIS. I personally am very strongly in favor of a tax reform which is actually in the nature of tax cutting. But I do not relate it to any theory of increasing purchasing power. I relate it to what our tax is doing now in the way of dampening incentive in our private sector.

Getting back to incentive and business decision and investment, I think any tax cutting not unrelated to reform but following out this untried theory and unrelated to Federal expenditures cut is going to be discouraging to business. I may be in error, Mr. Greenwald, but that is what I would think the business reaction would be.

In answer to one of the questions by you, Mr. Katona, if Congress didn't do anything in light of all this talk about tax cutting, I think our business people would actually be encouraged that Congress had enough sense not to dabble around in untried theories.

Mr. GREENWALD. I am not talking about a "quickie" tax cut. I have only referred to tax reform.

Representative CURTIS. I think tax reform is always appropriate whatever the state of the economy is. I see my time is up.

Chairman PATMAN. Senator Pell.

Senator PELL. Thank you.

Dr. Katona, I notice in your testimony you refer to the fact that 18 percent of the 55 million American family units own stock. The other day, as I recall, the President of the New York Stock Exchange said that one out of six individual Americans owned a share of stock, which is considerably more. I was wondering how you equated those two figures.

Mr. KATONA. The two statistics are pretty much in agreement. The fact is that partly because of our tax laws in very many families there is joint ownership of stock or both husband and wife own stock. Therefore, I believe, as we have argued for years, that the New York Stock Exchange statistics, speaking of individual ownership, are somewhat misleading. It is not a question to count separately husbands and wives, and even many children of rich families have beneficial ownership of stock which is counted separately by the New York Stock Exchange. The question is to find out what proportion of American families own stock. Whether every member of the family or one owns stock is not important. The 18-percent figure is subject to error. It may be as high as 20 but it cannot be higher according to all data. That would be 1 out of 5.

Senator PELL. Are you including debentures in that or only equities?

Mr. KATONA. No. The fact is that of all kinds of bonds only U.S. Government savings bonds are widely distributed. All other debentures are owned by a very small proportion of people most of whom also own stock. But we include in equities mutual funds.