

Chairman PATMAN. But isn't the fundamental problem the fact that consumption is too low?

Dr. HELLER. Consumption and investment demand are too low.

Chairman PATMAN. The personal income tax cut which the President has mentioned has been described as "across the board." Does that mean you reduce each tax rate by the same number of percentage points?

Dr. HELLER. In saying that he would recommend an across-the-board reduction in rates, Mr. Chairman, it leaves the question open whether it simply means a reduction in every bracket or a percentage point bracket in every bracket or a percentage reduction in liabilities.

I would say that statement of the President does not rule out any of several alternative ways of accomplishing the objective. I believe what he is saying, in effect, is that he wants to see reductions from top to bottom.

Chairman PATMAN. If we increase the exemption, say, from \$600 to about \$900, or \$1,000, income tax payers in each category would get the benefit of it, would they not?

Dr. HELLER. That would apply a tax reduction to all taxpayers.

Chairman PATMAN. Even the 91-percent bracket would be benefited to the same extent.

Dr. HELLER. Taxpayers in the 91-percent bracket would get 91 percent of \$300, if the exemption were raised to \$900.

Chairman PATMAN. So that would have an across-the-board effect, too, wouldn't it?

Dr. HELLER. I believe the President spoke of across-the-board reductions in rates.

Chairman PATMAN. I believe he did. If we had an across-the-board tax cut, that would increase disposable income of families in the high income brackets a great deal more than those at the low level of the scale; if you felt that our basic problem is one of an inadequate rate of savings, I could understand that kind of proposal. But if you think that the problem is underconsumption, as you have stated, then I should think you would want to make the largest cuts in the low-income group to keep things even. In other words, an across-the-board cut would tilt the income distribution in favor of the high income families.

Do you have any estimates of the different income classes as to how much of the family income goes into consumption and how much goes into savings, Dr. Heller?

Dr. HELLER. I do not believe we have those at hand. Those are difficult to come by. We will try to find what there is available and present it for the record.

Chairman PATMAN. Will you please insert the information in connection with the revision of your remarks when you get your transcript?

Dr. HELLER. I would be happy to.

(The information is as follows:)

Data on consumption expenditure or saving by income bracket are not available for any year subsequent to 1955. The following data for 1950 are based upon a BLS-Wharton School study and show current saving as a percentage of after-tax money income. The unit is the urban family.