

Annual after-tax money income	Saving as percent of after-tax income	Annual after-tax money income	Saving as percent of after-tax income
Under \$1,000.....	-81.7	\$5,000 to \$5,999.....	6.5
\$1,000 to \$1,999.....	-6.2	\$6,000 to \$7,499.....	10.0
\$2,000 to \$2,999.....	-1.7	\$7,500 to \$9,999.....	16.3
\$3,000 to \$3,999.....	2.4	\$10,000 and over.....	30.7
\$4,000 to \$4,999.....	4.5		

Source: Friend and Schor, "Who Saves," Review of Economics and Statistics, May 1959, p. 232.

Data on consumption expenditure by income bracket for 1955 are available from a study by Life magazine, but the income concept is before taxes, and consumption expenditure does not include gifts and contributions, educational expenditures, or expenditures away from home on vacation. Since average income by bracket is not known, percentages could not be calculated. The unit in this case is the household, not the family.

Annual household income before taxes	Average consumption of goods and services	Annual household income before taxes	Average consumption of goods and services
Under \$2,000.....	\$1,933	\$5,000 to \$6,999.....	\$5,016
\$2,000 to \$2,999.....	2,924	\$7,000 to \$9,999.....	6,063
\$3,000 to \$3,999.....	3,839	\$10,000 or more.....	7,946
\$4,000 to \$4,999.....	4,363		

Source: Life Study of Consumer Expenditures, conducted for Life by Alfred Politz Research, Inc., New York, 1957, vol. 1, p. 17.

Chairman PATMAN. Have you had any estimates made to show a given amount of stimulus, how much reduction of taxes would be involved and how it would be distributed under each of the alternative methods: raising the exemption, making the cut in the first income tax bracket, and making the cut across the board?

Dr. HELLER. We have made some comparisons to see what kinds of reductions would be involved for any given loss of revenue. For that purpose we have prepared a table of five different tax proposals all of which would reduce total tax liability by approximately \$6 billion. It is not intended as anything more than an example. It does not suggest that \$6 billion is the figure we are talking about. This table could be used to construct comparison for any other level of tax reduction.

[This table is inserted into the record below.]

Chairman PATMAN. If we had an across-the-board cut in taxes, which would change the income distribution in favor of the top bracket income receivers, wouldn't we have a worse fiscal structure after the period of deficit is over? In other words, wouldn't you, in the long run, increase the troubles which the tax cut is intended to cure?

Dr. HELLER. It is extremely hard to answer a question like that, Mr. Chairman, without having a more or less explicit proposal concerning the relationship of proposed rates in the high brackets and the low brackets.

Chairman PATMAN. I will ask you about one other issue that was raised in your testimony. You stated that during this economic recovery, there has been a compelling need for general monetary ease.

I repeat that. You say there has been a compelling need for general monetary ease as part of an expansionary economic program for full employment and adequate utilization of our resources.

What can the President and the present administration do about monetary ease at this time under present laws and practices?