This is the sheer facts of life. As you get up to the people with incomes of $50,000 or more, obviously they are saving substantially more.

Senator PROXMIRE. When you go into that a little, you find one of the reasons they do require steady income to buy is that every durable good they buy they buy on time.

Mr. RUTTENBERG. Certainly.

Senator PROXMIRE. Two-thirds or three-quarters of automobiles are bought on time. Every house is bought on time. When you are analyzing a hundred dollar tax cut, maybe they spend it but again, it is the kind of spending that would not have the same stimulation as some other kind of a tax cut.

Mr. RUTTENBERG. I am not so sure about that, Senator. If you had a $10 a week tax cut for 10 weeks, it is conceivable to me that they would use it to pay off some indebtedness.

Senator PROXMIRE. Sure, that's exactly the point but then what happens?

Mr. RUTTENBERG. At which point they are then back into the same position that they have normally been in where they tend to spend more than they earn and they will now be able to commit themselves to expenditure for items that are substantially greater in amounts than the $10 a week tax cut.

But because they have been able to pay off some of their indebtedness they are able to put themselves further into debt in terms of what the American system, it seems to me, has always done.

This is the sheer facts of life whether we like it or not. I think this is the way people live. They live from hand to mouth. They live to buy the things they want.

Senator PROXMIRE. Don't you think you would build up a tremendous popular insistence on continuing this benefit?

Mr. RUTTENBERG. In continuing the benefit?

Senator PROXMIRE. In continuing the lower tax rate. People who had their incomes increased this much, their take-home pay increased, temporarily.

Mr. RUTTENBERG. Obviously, if you cut their taxes to zero they would love to stay there continually.

Senator PROXMIRE. I am thinking of it in terms of politics. We have responsibility, practically all Members of Congress feel they have to eventually balance the budget and have some sense of responsibility toward meeting the expenditures and the rapidly rising expenditures we have.

If we are going to put ourselves in a position to have a $5 billion tax cut in 3 months and confront the political reality of constituents who want it and need it then you better have it now. Today the tax cut is not popular on the basis of the surveys. But once you give it, try to take it away. That's likely to be something else.

Dr. Katona's survey conceded that taxpayers didn't want an income tax cut but a property tax cut. The Gallup poll indicated the same thing.

Mr. RUTTENBERG. It is not the province of the Congress of the United States to do anything about property taxes but it is in the income tax.