

If the gross estate was \$1 million, the effective rate of tax on a non-resident alien under the proposed law would be 10.1 percent. For the U.S. citizen with a marital deduction the rate would be 11.1 percent and for the U.S. citizen without a marital deduction the rate would be 26.7 percent.

Senator WILLIAMS. As to the person with a gross estate of \$5 million, I notice in the table on page 43 that this bill would cut the estate tax to about 30 percent of the existing rate, and would put it at about half of the rate paid by American citizens.

Secretary FOWLER. Without the marital deduction.

Senator WILLIAMS. Yes.

Secretary FOWLER. A fair summary would be they are comparable where there is the marital deduction. The U.S. citizen without the marital deduction would pay a substantially higher rate.

Senator WILLIAMS. There is not such a reduction in the smaller estates, but in the larger estates there is practically a 50- to 60-percent reduction under this bill.

Secretary FOWLER. Yes; however, moving the exemption from \$2,000 up to \$30,000 would exempt the smaller estates.

Senator WILLIAMS. Of course, there has been a suggestion, and I do not know but there may be an amendment offered here, to raise the exemption in this country from its present \$60,000 to \$120,000. When was the present \$60,000 exemption put into effect?

Secretary FOWLER. I do not recall.

Senator WILLIAMS. There has been quite a change in the value of the dollar since that time.

Senator ANDERSON. You would get a lot of support for that amendment.

Senator WILLIAMS. What would be the Treasury's position to the changing of that exemption, because I know that is going to be proposed to this bill?

Secretary FOWLER. Senator, I do not know what it would be at the moment. We have been engaged in a thoroughgoing study in the whole estate tax area, and we have not as yet arrived at a conclusion.

Senator WILLIAMS. This has been mentioned for the last 2 or 3 years. I think you would admit, would you not, if \$60,000 was fair when it was first initiated it is far out of date under the existing valuation of the dollar?

Secretary FOWLER. I would prefer to say that I think that rather than deal with just one particular aspect of the estate tax, I think the whole area justifies a thorough reworking. At least that is the conclusion we have come to after about a year of fairly intensive study. That would be one aspect of it.

Senator ANDERSON. That is not an answer to Senator Williams' question.

Secretary FOWLER. No, sir.

Senator WILLIAMS. I gather it is somewhat like the answer you gave to Senator Talmadge before, you are neither for nor against?

Secretary FOWLER. That is right.

Senator WILLIAMS. We will settle for that answer, no position.

Secretary FOWLER. Well, I would be inclined to say that many other things ought to be taken into account before you act on one aspect of the estate tax.