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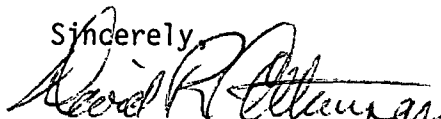
Representative Al Ullman
Chairman
House Ways and Means Committee
2207 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman:

I find it of great interest the recent steps taken by House-Senate conferees on tax reform. There is much commentary that the United States increasingly faces a capital shortage if enough real growth is going to be experienced to achieve full employment. This appears in part to reflect inadequate real savings and capital formulation, and as a consequence, investment. It is hard to see how the recent moves by conferees to make it more attractive to lose money in common stocks -- up to \$3,000 can be written off against regular income by 1978 -- while it is less attractive to make a profit (a gain will have to be held for one year by 1978 to qualify for long-term gains treatment) will serve as other than an incremental negative incentive to capital formulation.

It is interesting to note that capital gains on agricultural commodities will still qualify for long term gains treatment after six months. Perhaps someone can explain why in its infinite wisdom Congress believes it is more desirable for Americans to speculate in pork bellies than to attempt to make a profit by saving their money and buying shares in American businesses. Perhaps the logical explanation is that Congress realizes the increasing futility of trying to make a profit in the stock market given the manner in which it spends money and runs deficits absorbing a high percentage of the nation's savings and is making it easier for us all to be losers.

Sincerely,



David R. Atkinson

DRA/tgm