

tration. I always contended in discussing that it was not a tight-money policy, but rather a sound-money policy. I am rather sympathetic with the attitude of this administration in respect to monetary policy so far. You would not define it as a tight-money policy, would you, Dr. Heller?

Dr. HELLER. I would not. But a sound-money policy sometimes is a tight-money policy and at other times is an easy-money policy.

Senator BUSH. If you look at the statistics that are being piled up here in this hearing, it seems as though housing was going ahead apace this year, and that is influenced by the rates of money, I suppose, to some degree. But certainly the interest rates have not seemed to inhibit the increase in housing construction which is going ahead at a very good rate. A million and a half starts this year, I believe. Also consumers' credit has been expanding considerably. That does not seem to have been inhibited by interest rates. Is that not so?

Dr. HELLER. These things are relative in the sense that if interest rates were still lower I presume that housing starts would be still higher. But a rate of 1.4 or 1.5 million starts, which it looks like at the present time, is a very substantial advance over the trough of 1961, and indeed a very respectable showing in terms of the history of the 1950's. That does not say we would not want more.

Senator BUSH. I would like to say that I congratulate the administration for its attitude on this question of monetary policy. I think it has been very satisfactory so far, and I hope it would not be dislodged by any of the loud requests for lower interest rates artificially produced by the Government. Have we ever had a temporary tax cut of the type that is being discussed now for the purposes that are being discussed now?

Dr. HELLER. No, we have not.

Senator BUSH. I have not been able to recall that has ever been tried before.

Dr. HELLER. No.

Senator BUSH. So this would be an experiment, then? We are not able to forecast in the light of what may have happened before, but it would be a new adventure if we were to embark upon a temporary tax cut for the purpose of spurring the economy, especially in the face of expected deficits, is that true?

Dr. HELLER. That is correct, Senator. There have been extensive discussions of this possibility in the whole postwar period, but it has never been undertaken, even though we seemed at one time in 1958 to be close to it. But there was a certain Easter recess after which people in Congress seemed to back away from it.

Senator BUSH. Thought better.

Dr. HELLER. Anyway they reconsidered it.

Senator BUSH. Dr. Heller, a few years ago I read a book by Professor Galbraith which is a very interesting book on the economy, "The Affluent Society." In that book he advocated a different approach to the tax situation. He said he thought if we were going to go ahead and expand that we were going to have to very greatly broaden our base of taxation. He advocated an addition to the tax, that we should not be entirely dependent upon the income tax to the extent that we are, which is probably heavier than any other country today, I understand.