of it in 1958 than 1957; and then in 1960–61. Is that correct about the recessions we have had in the past?

Mr. KEYSERLING. Yes, generally speaking.

Chairman PATMAN. You think they could have been avoided by a proper monetary policy?

Mr. KEYSERLING. I agree with Dr. Saulnier, and this is one of the few points that I agree with him on, namely, that you cannot stabilize or maximize the health of the economy with any one set of policies. I think we have a broad and variegated economy, and that we need a complex of reasonably workable monetary policies, price-wage policies, fiscal policies, and others.

I think we need them all, and I think that usually they should be based upon one central approach. In other words, if it appears upon an actual examination of the economy in action that consumption is tending to outrun investment, which is a typical inflationary situation, then all of these policies should move toward exercising restraint upon consumption and do everything possible to induce investment. If the reverse is true, then these policies should move in the opposite direction. I don't see any sense at all in two policies moving in opposite directions. That would be like walking the floor with one crutch to walk part of it, and the other to walk the other part, when you need both crutches. You need all policies working in the same direction.

In more direct answer to your question, subject to above qualification, I do think that the tight money policy over the years has been a very pronounced factor in contributing to a seriously low economic growth rate and the recurrent recessions.

By and large, the rising interest rates, which are at least a consequence of a tight-money policy, if not its intent, tend to ration the national income toward those who lend us back our own money. One of the greatest economic reforms of the last 30 years, in my view, has been the movement in the opposite direction, good for everybody. I remember when I was a boy I would walk by the bank and I would see a sign on the bank, "6 percent interest on deposits."

Senator BUSH. That was a pretty average rate in those days.

Mr. KEYSERLING. Yes, and of course, the real interest rate on homebuilding was 8 or 10 or even 12 percent before you got through. If we believe in an incentive economy, if we believe in an enterprise economy, we ought to favor the fellow who enterprises and invests and the consumer who buys, as against the person who lends them back their own money, and, after all, they are lending us back our own money.

Now, we started turning the clock the other way in recent years, and I think this has been one of the most damaging factors in the whole picture. I made a study of it where I figured that something like $23 billion had been taken out of the pockets of the average consumer, and the average homeowner, and the average family, and put into the pockets of those who are lending back our own money, during the period 1953–59. I have nothing against these people, but I think it is unsound policy. This is the first way that tight money and rising interest rates hurt the economy.

The second way they hurt the economy is that they hit the things we need before they hit the things that are booming excessively. Mr. Martin of the Federal Reserve System, a great and sincere protagonist