

I don't think that the testimony before you in February and March was very relevant about a "deal" between the Federal Reserve and the administration. That is not the way these things are done. The relevant consideration is whether if the administration raises tax rates, the Federal Reserve can be counted on to see that this does not kill off full employment but rather merely improves its mix. This doesn't mean that the Federal Reserve hasn't learned a lot.

I think the Federal Reserve has shown much better behavior than it did in the 1950's. I think that Congress has had something to do with that improvement in report card performance.

Chairman PROXMIRE. Thank you gentlemen, very much.

I would just like to ask both of you if you would encourage your bright candidates for a doctorate at MIT and UCLA to consider very seriously working on wage-price guidelines or developing an incomes policy of some kind. This is a puzzling, trying policy. Since 1961 the wage-price guidelines were most helpful, I agree with Professor Samuelson, but we have stumbled into a very serious problem because of what inflation did with them. If we can solve that, it will be a great contribution to a better society.

Thank you, gentlemen, very much.

This concludes our hearings for the time being.

(Whereupon, at 12:55 p.m., the joint committee recessed, subject to call.)

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