on in the increased price of goods and services, leading to the situation we have today.

Mr. MEANY. If you carry that sort of reasoning to its logical conclusion we shouldn't have any tax on corporations at all.

Mr. CURTIS. Oh, no; I think we should.

Mr. MEANY. Oh, you do.

Mr. CURTIS. Oh, yes.

Mr. MEANY. But don't you think prices would come down if we didn't have a tax on corporations?

Mr. CURTIS. Oh, that is true, but I just think there is a place for what amounts to a general sales tax at the Federal level, even if we do it through the corporate tax. To some extent, I think, there is an element of this that probably does get to the stockholders, the investors, but then this comes to another point on page 5.

You point out that profits have skyrocketed, but we have to relate profits going up to money invested, because the amount of capital that has been invested in our society has skyrocketed.

Mr. MEANY. You mean profits that were plowed back in?

Mr. CURTIS. Partly, and partly new money, but plowing back in has been some of it. However, the thing that I think we have to relate profits to is the amount of equity investment, and the amount of capital invested has been at a greater rate than the profits, causing a decline in percentage of return per dollar invested over a period of years.

It is now climbing back again, but this I think we have to concern ourselves with. Well, I just wanted to examine those points with you a bit to see what you might say. One other thing.

On page 3 you say:

> We saw the effects of the Federal Reserve Board's tight money and high interest rate policies last year.

Actually an examination of the money situation indicates—it is very interesting—that we did not have tight money then. At the same time we were having these high increase in interest rates, the monetary policy seemed to be one of relative monetary ease, which is a further complication.

Mr. MEANY. Certainly not, Mr. Curtis, in the construction industry.

Mr. CURTIS. It is true the money that left did go out of savings and loans and created a very serious problem, a bottleneck problem. One of the disturbing things to me has been the fact that we did have what would be called relative monetary ease at the same time we had these high interest rates, which I think to a large degree came from the Federal Government's fiscal policies, not the Federal Reserve.

Some economists said they were trying to put all the pressure on monetary policy to try to stop the inflationary forces instead of at that time using increased taxes as a possibility.

Now, it wasn't myself, but that was the dialog at the time. You don't recommend apparently what others seem to recommend, cutting back on Federal expenditures in other than Vietnam war areas. I say that because I think there is some possibility of cutting back defense as well as nondefense. You don't think that is a necessary ingredient to this problem?

Mr. MEANY. No; I think I make it clear there that I think we can pay for the Vietnam war without giving up the very important social