If you go too far your money becomes suspect not only by yourself but around the world and, as I have pointed out here, the present interest rates of 6 percent plus represent partly the cost of money and partly a hedge against deterioration in the value of that money.

This is why money rates are so high in the rest of the world, because they have a more inflationary situation than we do. Here is Europe, an old and strong area in resources, but by their own practices in the past they have an interest rate structure for long-term money that runs around 8 percent today. Yet they are strong countries, but they have been guilty of inflationary excesses, and the public doesn't want to lend money long and nothing that a central bank can do can change this fundamental fact. There are lots of people in this country who think that this is a manmade result to have higher interest rates and a scheme generated by self-seeking bankers and other financial institutions. It is not as simple as that.

The CHAIRMAN. Mr. Bush.

Mr. BUSH. Mr. Wilde, yesterday Mr. Meany testified before the committee. I am not sure whether you are familiar with his testimony but there was a good deal in the paper on it.

Did you have a chance to read any of that?

Mr. WILDE. I read the highlights, Congressman, of Mr. Meany's testimony in the paper this morning.

Mr. BUSH. My question was what would you say is the major point of difference between what the CED recommends and his testimony yesterday?

Mr. WILDE. Probably the major difference is the theory, which I deplore and regret, that some people have, apparently including Mr. Meany—I am quite surprised—that you can raise taxes in our type of society to very high levels and accomplish economic progress, reduction of deficits, and the payment of your bills currently. All the studies show that the higher brackets produce a minimum amount of money and in the actual operation of high taxes, whether they are corporate or personal, you get a diminishing return and a lowering of efficiency in our kind of society, and nobody ought to realize it better than the labor folks because they only have to look across the seas and see a great country like England where socialistic theories and taxation, have pushed this nation to a weakened condition.

Our tax structure, as I have testified, is too high now for peacetime, but to try to push it up still further isn't good economics and it isn't good public policy. It isn't even fair.

Those who contribute the most even in these strange times should have something more, and when you increase personal taxation to more than 50 percent you have a bad psychology and you have an inefficient kind of society with people standing around trying to find ways to beat the tax law rather than to pay their taxes or produce more for the country's good.

Mr. BUSH. Thank you.

The CHAIRMAN. Any further questions? Mr. Curtis.

Mr. CURTIS. Thank you, Mr. Chairman. I want to apologize for not having been present when you made your statement, Mr. Wilde. I have had a chance to read it. I was pleased to note the recommendation that you have is twofold—one, substantial reduction in presently projected Government expenditures, and, two, and accross-the-board tax increase.