

Mr. MARTIN. We did moderate credit restraint on November 22. I want to point out we probably would have done it on November 1 except for the fact it was an even keel period for the Treasury. In other words, the Treasury was facing a financing there, and we do not as a rule make changes if we can help it, when they are going to finance, you see. We want to be as helpful to them as we can. We do not try to make overt changes during such a period.

But I think the record of November 1 will show that we were tending in this direction at that time. We carried through on November 22 with the official change.

Representative REUSS. I don't mean at this time to go into all of the reasons, which are well set forth in the policy record of why on November 22 you did ease credit. The fact that I happen to have agreed with that action is also irrelevant here. My question was whether, in the five-page record of policy action published in your annual report, there is any mention of the tax increase by the Congress, and your answer is "no, there isn't."

Mr. MARTIN. I don't know whether there is or not, but I think you have got a point; it would have been wise to mention it, if we didn't mention it. But I am sure that that was an oversight as far as that is concerned.

Representative REUSS. Then the next meeting of the Open Market Committee was on December 13.

Mr. MARTIN. Might I just interrupt, Mr. Reuss?

Representative REUSS. Yes.

Mr. MARTIN. And say that Mr. Brill tells me we did mention it on November 1.

Representative REUSS. Yes, it is mentioned briefly on November 1, but you did not take action to ease credit on November 1.

Mr. MARTIN. The reason was primarily—I am not speaking for all my associates, but the reason primarily in my own mind was the Treasury financing on November 1, you see, the "even keel" considerations.

Representative REUSS. Yes. Then, on December 13, you issued a directive, continuing your easing of credit—and here the policy record takes seven pages—and I find not a word about the tax increase. If I have overlooked anything, I would be delighted to have it called to my attention.

My point, which I have probaby telegraphed by now, is simply this: Is it really a very likely assumption that, if Congress votes another increase in taxes next July 1, this will play any more part in the Fed's deliberations than the formal record shows was played in the Fed's deliberations after the last tax increase? And if the record is a true index of what was in the Fed's mind, there were a great many things in the Fed's mind in taking these salutary and wholesome actions other than the tax increase. Is there any reason to suppose it would be any different next July if we voted a tax increase?

Mr. MARTIN. I wouldn't for a moment want to forecast what conditions will be next July, but we will certainly consider every aspect of conditions, just as we did in November. The tax increase would be one of the factors to be taken into account.

Now on this tax increase, we have to realize that when we come to the budget that you are talking about—let's not argue about whether it is the administrative budget or the cash budget or the national in-