and a cost-push situation, the argument is much weaker for a stringent monetary policy, but it would seem to me that an analysis could be very, very helpful.

Mr. MARTIN. Mr. Brill says we submitted a paper on this to the Commission on Money and Credit. We might dig that up, and also see if we can't do some more work on it.

Chairman PROXMIRE. Wouldn't it be helpful for the Board to have their eye on this kind of thing?

Mr. MARTIN. Oh, absolutely, and we do have our eye on it. There is no question about that. The question is what you measure this by. We have our eye on it.

Chairman PROXMIRE. You are very sensitive to the fact that there is a lesser argument for stringent monetary policies in a cost-push situation.

Mr. MARTIN. Oh, no question about it.

Chairman PROXMIRE. One more question. You say in response to Mr. Brock that prudence and budget policy to minimize the impact of a deficit by using tax restraint. Now I would like to call your attention to what happened in 1952, 1953, and 1954.

Mr. MARTIN. I am very familiar with that period.

Chairman PROXMIRE. I know you are, far more familiar than I am, because you were right on top of it and in the middle of the hot seat. We had in 1952 to 1953 a rise in the cost of living of only 2 percent, although we took off price controls in April of 1953. We had unemployment drop from 3.1 percent down below 3 percent to 2.9.

Now in view of this, why should we feel that a 3.8 or a 3.9 percent unemployment which we have now puts us in such a tense situation that we have to consider invoking fiscal policy that would restrain us when we obviously have a slack at this time?

Mr. MARTIN. We obviously, in my judgment, have a different set of circumstances. We were coming out of World War II at that time.

Chairman PROXMIRE. No; that was the Korean war, 1952 and 1953.

Mr. MARTIN. It was the overhang, you see, that we were dealing with. I don't know what the right rates are here. I have puzzled with this a long time but I think there are basic differences. I think that in the skilled labor area, we have more labor shortages recently than we had at any time during that period, despite the difference in the unemployment rates. This is purely judgment.

Chairman PROXMIRE. Thank you very much. Congressman Curtis?

Representative CURTIS. Mr. Chairman, I do want to pursue this tax discussion a little more, because this is something that we face in the Ways and Means Committee. One thing I have been disturbed about is the macroeconomist approach to tax policy as part of fiscal policy, ignoring the details that go to make up taxes. Someone accused me a few years ago of being a microeconomist. I didn't even know what it meant but I guess that is what I am, because I think that our Federal tax rates are still too high, even after the 1964 cuts and the 1954 cuts.

By too high I mean that the rates are such that business judgment is often made on the basis of the tax consequences rather than on overall economic or business considerations. It does impede economic activity. It is true, however, when we extract taxes from the private sector it has some economic impact, but I am from the school that believes we should try to have as minimal an impact as possible.