our monetary affairs. I don't think they legally have the power to do it.

My personal opinion is they have just seized that power. It was never intended to give it to them. But they are exercising this power; and with these two governments, one elected and one unelected, which should yield to the other?

I will shorten it a little bit by asking you if your testimony correctly implies that we should have a tax increase in order to encourage the Federal Reserve to keep——

Mr. HELLER. This is part of——

Representative PATMAN. Part of it?

Mr. HELLER. Part of a coordinated policy. In other words, that we got out of whack last year when monetary policy got excruciatingly tight and hit the housing industry about an $8 billion blow, by the Government's estimate, in other words, hit it to the point where it was running $8 billion below the level that it otherwise would have attained.

So that I feel we need to put this right. Now it is possible that we could put it right without a tax increase, but it is more likely that we would put it right with a tax increase.

Representative PATMAN. It's shocking to me that you would say that, because they had in effect a gun at the President's head, saying "Now if you don't stand for a tax increase in the Congress, we are going to raise interest rates." It occurs to me, Dr. Heller, you are yielding to that feeling. Am I incorrect about that?

Mr. HELLER. I think you are incorrect.

Representative PATMAN. Yes?

Mr. HELLER. With all due respect. I think if you look at it from scratch and ask yourself what is the appropriate role of monetary policy and of fiscal policy, then you would say, "Well, by hindsight we would have been better off last year if we had had somewhat tougher fiscal policy and somewhat easier monetary policy. These two things have to work in harness." Even though we had some tax action, we did not have an across-the-board increase.

Representative PATMAN. Well, if we have a head-on collision between the President of the United States and the Federal Reserve Board, who should cooperate with whom? Should the President cooperate and yield or should the Federal Reserve cooperate and yield?

Mr. HELLER. I guess I would have to get out my dictionary and see the definition of the word "cooperation." I think that takes two parties.

Representative PATMAN. We will use another word then. Leave "cooperate" out and say, who is going to yield?

Mr. HELLER. It shouldn't be a case it seems to me of one party, either one, abjectly yielding to the other, but of the two working in a cooperative harness that brings about balance. And it seems to me we have some reasonably good evidence right now, Mr. Patman, that there is cooperation. We are getting a monetary easing, at least the first installment of it.

Representative PATMAN. At a terrific price.

Mr. HELLER. Well, it went far too high.

Representative PATMAN. But I mean billions of dollars a year extra interest. We had to yield to them.