dling cost-push inflation. To try to whittle away or cut down on demand as a means of bringing labor and business into line on wages and prices is a far too expensive way to do it. Indeed, the increase in interest rates would add, does add somewhat to the cost-push, where in a demand-pull situation, as you recognize, the net balance obviously is favorable to the inflationary problem.

Chairman PROXMIRE. And so you would favor getting this kind of information available to our money managers, so that they would be on top of this?

Mr. HELLER. Within the limits of the difficulties of getting it, it would be very good information to have.

Chairman PROXMIRE. Let me ask you if I can point up another difference between you and Chairman Martin for our enlightenment. Chairman Martin indicated that he would favor a tax increase beginning July 1, even if the economic situation were worse, particularly because it would put some stress on the fact that our budget deficit might be substantial in the event of worsening economic conditions. At least he would give weight to the budget deficit.

It seems to me I would recognize the budget deficit as a reason why we might recognize that the economic situation should demand that we not increase taxes. If the economic situation is bad, it seems to me we must put almost our entire emphasis on what the economy is doing. That in the event the economic outlook is not good in June, it would be a mistake for use to increase taxes as of July 1.

Do you agree with that?

Mr. HELLER. I have not read the chairman's testimony.

Chairman PROXMIRE. I don't want to misquote him.

Mr. HELLER. But just taking the factual situation, if we were backing into a larger deficit because the economy was weak and soft and sliding, obviously that is an argument against the tax increase, not for it, from an economic point of view.

Chairman PROXMIRE. And you would put your stress on the economic outlook, not on the particular deficit that we have?

Mr. HELLER. Absolutely.

Chairman PROXMIRE. One final question. On the investment credit you talk about the air pocket that we have at the end of this year, and I am delighted that you do so. Other witnesses haven't given this the attention I think we should focus on it.

If we do reinstate the investment credit as of January 1—which the law now provides, it would take no change—there will be, I think, a significant dropoff in the purchase of machine tools and other equipment.

What do you think of another compromise proposal? We begin to restore the investment credit at the rate of 1 percent a month, say, on July 1, so that there isn't this air pocket, recognizing that the McGraw-Hill predictions, and so forth, suggest that investment is going to increase at a far lesser rate this year than it has in any of the last 3 years?

Mr. HELLER. It seems to me, without having studied this particular proposal, that anything that can ease the transition back to the full effectiveness of the investment credit ought to merit very serious consideration, because we are going to have the air pocket.

If we don't have the air pocket problem this year, suppose we extend the suspension to a year from next January, we will have an air