Senator PROXMIRE. You are not proposing that?

Mr. MILLER. I would not dismiss it out of hand. I think it is worth looking into, with the economy we have today, rather than a wartime economy.

The other is moving in the direction of looking at this as a much more complicated way of income than we have now, moving toward the notion of deferring income to a certain extent. Instead of wage increases being fully operative and paid now, some of this will be deferred, with interest accumulated over some period in the future. I think that it can be called upon at the time when the economy needs additional income, looking upon the income stream as something which does not have to be paid out on an annual basis, but over a 10- or 15-year basis.

Senator PROXMIRE. What you are going to have to do one way or another, if you are going to provide greater income for those who are unable to work or do not have an opportunity to work and more jobs and at the same time not strain the economy, is to have a higher level of taxation for those who do have jobs, to reduce their consumption so you bring demand and supply into balance at a lower level of employment. You have to be honest about this. There is going to be a tough taxation problem that I think the Congress is going to have a terribly hard time with.

Mr. MILLER. I think it makes it a little easier with the notion that there is deferred income, that at some time in the future, this can be called upon as income or as capital. I think we are enamored too much of the year in thinking about policies, in thinking about income.

Senator PROXMIRE. Well, you know, the problem is that each year we would have had this difficulty, it seems to me, of how to get below 3- or 3½-percent unemployment, which as you say we have to do, and still avoid inflation.

Dr. Tobin?

Mr. TOBIN. Well, I am afraid that the question you ask has no solution. I do not think anyone in this economy or in any advanced industrial democratic society knows a way to have both tolerable levels of high employment, or low unemployment, and price stability. The institutions of the economy and the society seem to be such that if you have the kind of low unemployment that all these countries want to have—Western Europe, the United States, Japan—you are also going to have some degree of creeping inflation. I think we are sort of fooling ourselves if we think that there is some way of having both of those goals achieved fully at the same time. I do not think we know any way to do it.

Senator PROXMIRE. My time is up, but I would just say I am not talking about a creeping inflation. I think almost everybody would settle perhaps for 1- or 2-percent inflation. We are now at a level of close to 4 percent, as you know. I would be willing to think hard about accepting that if we can get a much lower level of unemployment. The problem, however, that seems to convince everybody, including almost all of your profession, is that it is going to go much higher if we drive ahead and try to get unemployment to a lower level.

Mr. TOBIN. I am not sure we need to get unemployment by aggregate measure to a lower level than 3.5 percent in order to do the kind of job we have been talking about today. It is true that the higher we