

It depends on the particular circumstances of the particular time, exactly how much inflation it seems to me will go with it.

We have a bit built in right now, and even a more restrictive fiscal policy than the President proposed, even a more restrictive fiscal policy would not affect the rate of price increase that much, in the next 6 to 9 months.

Therefore, you have to put up with it for a short period of time, unless you want to take very drastic measures increasing unemployment.

Now, the further out in time you go, the more nearly you can have your cake and eat it, even though you will get some inflation, I suspect, with high employment.

I can't give you an easy answer to it. It depends on the circumstances of the time.

Chairman PROXMIRE. Mr. Ture?

Mr. TURE. I would associate myself with fragments of what Mr. Schultze has stated.

One fragment is to the effect that prices today are lagged responses to events that occurred in the past.

Chairman PROXMIRE. How much of a lag?

Mr. TURE. I do not know if they are systematically distributed. I don't have the remotest notion of how to answer your question, sir.

I think from one sector to another—

Chairman PROXMIRE. Can you give us a variation, 3 months to 6 months?

Mr. TURE. Some prices are much more quickly—

Chairman PROXMIRE. Overall, they lag by how much? Can you give any estimate at all?

Mr. TURE. I could give you an estimate, but it would have no worth at all.

I would say a year and a half. Please don't rely on that for anything whatever.

Chairman PROXMIRE. Is it more than a year, less than 2 years?

Mr. TURE. You asked about an index that is peculiarly weighted, a structure that consists of all sorts of in-puts. I am not qualified to respond.

But there is a lag. Given the fact that there is some substantial lag between events and their reflections in the level of prices, that is one fragment of Dr. Schultze's statement I certainly would agree with. I don't think you can do anything at all about it in the next 3 months, or 6 months, or 9 months, short of actions so ferocious and so drastic, so vigorously changing the anticipations of the economy that you would not reasonably say it is worthwhile to do that.

To project in the future, I don't know what the relationship is between the rate of increase in the general level of prices and the rate of resource utilization. What your question provoked was a searching around in the cobwebbed recesses of my mind, to see if I can bring out anything by way of a hypothesis, a really good, reliable, appealing hypothesis, about any kind of stable relationship between rates of resource utilization and rates of increase in the general level of prices.

I know that there are people who think that there are such rela-